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65TH ANNUAL REPORT
2000-2001



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ACC THE ASSOCIATED CEMENT COMPANIES LIMITED

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THE NETWORK



■ CORPORATE OFFICE

1. Cement House, Mumbai (Maharashtra)

RESEARCH AND CONSULTANCY DIRECTORATE

2. Central Research Station, Thane (Maharashtra)
3. MRD Logistics Base Nagpur (Maharashtra)

CEMENT PLANTS

4. Chaibasa (Jharkhand) Capacity: 6.12 LT
5. Chanda (Maharashtra) Capacity: 10.00 LT
6. Gagal I (Himachal Pradesh) Capacity: 9.84 LT
7. Gagal II (Himachal Pradesh) Capacity: 17.16 LT
8. Jamul (Chhatisgarh) Capacity: 15.84 LT
9. Kymore Mehgaon (M.P.) Capacity: 17.00 LT
10. Lakheri (Rajasthan) Capacity: 6.00 LT
11. Madukkarai (Tamil Nadu) Capacity: 9.60 LT
12. Mancherial (Andhra Pradesh) Capacity: 3.31 LT
13. Sindri (Jharkhand) Capacity: 6.00 LT
14. Tikaria (U.P.) Capacity: 6.00 LT
15. Wadi (Karnataka) Capacity: 20.47 LT
16. Wadi New Plant (Karnataka) Capacity: 26.00 LT

● REFRACTORIES

17. Katni Refractories (M.P.)
18. Kymore Refractories (M.P.)
19. Nagpur Refractories (Maharashtra)

ADVANCED MATERIALS

20. Dylyn Demonstration Centre Salt Lake City, Kolkata (W.B.)
21. Advanced Microwave Materials Centre Salt Lake City, Kolkata (W.B.)

● CEMENT MARKETING OFFICES

22. Ahmedabad
23. Bangalore
24. Bhopal
25. Chandigarh
26. Coimbatore
27. Kanpur
28. Kolkata
29. Mumbai
30. New Delhi
31. Patna
32. Pune

● TRAINING INSTITUTES

33. Sumant Moolgaokar Engineering Institute (Formerly Kymore Engineering Institute) Kymore (M.P.)
34. Technical and Management Training Centre, RCD, Thane (Maharashtra)
35. Regional Training Centre (World Bank/Danida) Jamul (Chhatisgarh)

RMC PLANT LOCATIONS

36. Bangalore -2 Units
37. Chennai
38. Delhi
39. Haldia
40. Kolkata
41. Mumbai -5 Units

❀ SUBSIDIARIES

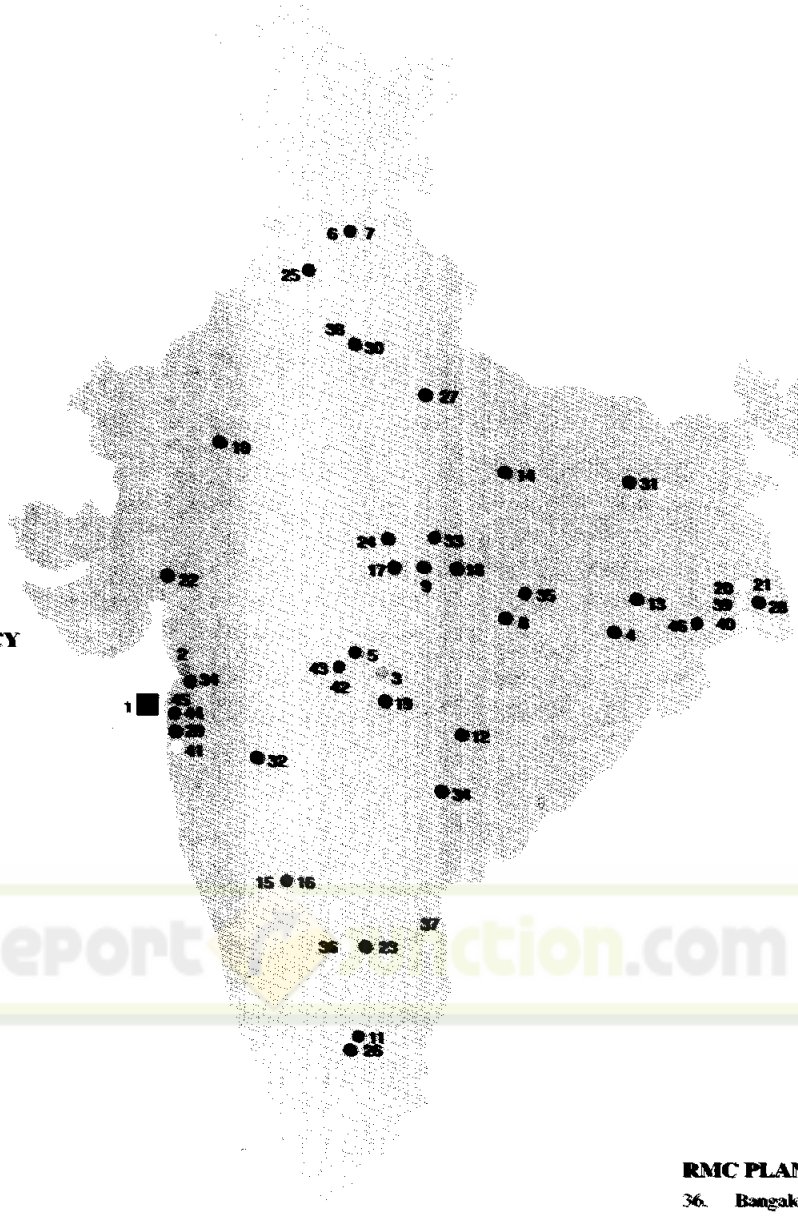
42. ACC Machinery Company Ltd. (AMCL) Nagpur (Maharashtra)
43. ACC-Nihon Castings Ltd. (ANCL) Nagpur (Maharashtra)
44. The Cement Marketing Company of India Ltd. Mumbai (Maharashtra)
45. Bulk Cement Corporation (India) Ltd Mumbai (Maharashtra)
46. Damodhar Cement and Slag Ltd Madhukunda (W.B.)

● OVERSEAS

Yanbu Cement Co (KSA)
Iran and India Cement Engineering Consultants PJS Tehran, Iran

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THE NETWORK



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● OVERSEAS

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Iran and India Cement Engineering Consultants PJS Tehran, Iran

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BOARD OF DIRECTORS

Mr. N. A. Palkhivala
Chairman Emeritus

Mr. Tarun Das
Chairman

Mr. N. S. Sekhsaria
Deputy Chairman

Mr. T.M.M. Nambiar
Managing Director

Mr. P. K. Mistry

Mr. P. J. Jagus

Mr. N. A. Soonawala

Mr. O. P. Dubey

Mr. A. L. Kapur

Dr. A. K. Chatterjee
Wholetime Director

Mr. M. L. Narula
Wholetime Director

Mr. P. K. Sinor
Wholetime Director & Company Secretary

Mr. J. N. Godbole
Nominee Director of Industrial Development Bank of India (Upto May 15, 2001)

Mr. Amitabha Ghosh
Nominee Director of Unit Trust of India

Mr. B. Ramakrishna
Special Director nominated by State Government of Andhra Pradesh

Mr. P. V. Rao, IAS
Special Director nominated by State Government of Andhra Pradesh

BANKERS

STATE BANK OF INDIA
BANK OF BARODA
BANK OF INDIA
CENTRAL BANK OF INDIA
CANARA BANK
STATE BANK OF HYDERABAD
STATE BANK OF BIKANER & JAIPUR
STANDARD CHARTERED GRINDLAYS BANK LTD.
BANK OF AMERICA
CITI BANK N.A.
THE HONGKONG & SHANGHAI BANKING CORPORATION LIMITED

AUDITORS

MESSRS A.F. FERGUSON & CO.
MESSRS K.S. AIYAR & CO.

SOLICITORS

MESSRS PAYNE & CO.
MESSRS GAGRAT & CO.

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REGISTERED OFFICE

CEMENT HOUSE
121, MAHARSHI KARVE ROAD,
MUMBAI 400 020.

ANNUAL REPORT OF SUBSIDIARY COMPANIES

ACC Machinery Company Limited

The Cement Marketing Company of India Limited

ACC-Nihon Castings Limited

Bulk Cement Corporation (India) Ltd.

Damodhar Cement and Slag Limited

ANNUAL GENERAL MEETING

On Thursday, July 12, 2001
at 3.45 p.m.
at Birla Matushri Sabhagar,
19, Sir Vithaldas Thackersey Marg,
Mumbai 400 020

Members are requested to kindly bring their copies of the Annual Report to the Meeting.

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTY-FIFTH ANNUAL GENERAL MEETING OF THE ASSOCIATED CEMENT COMPANIES LIMITED will be held at **Birla Matushri Sabhaghar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020 on Thursday, July 12, 2001 at 3.45 p.m.** to transact the following business:-

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the financial year ended March 31, 2001 and the Balance Sheet as at that date.

2. To declare a dividend.

3. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:-

"RESOLVED that Mr N A Palkhivala, a Director liable to retire by rotation who does not seek re-election, is therefore not reappointed a Director of the Company.

RESOLVED FURTHER that the vacancy on the Board of Directors of the Company so created be not filled."

4. To appoint a Director in place of Mr. P. K. Mistry who retires by rotation and is eligible for reappointment.

5. To appoint a Director in place of Mr. P. J. Jagus who retires by rotation and is eligible for reappointment.

6. To appoint a Director in place of Mr. O. P. Dubey who retires by rotation and is eligible for reappointment.

7. To appoint Messrs A. F. Ferguson & Co. and Messrs K. S. Aiyar & Co., Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be fixed by the Board of Directors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the Accounts of the Company for the year ending March 31, 2002.

REAPPOINTMENT & TERMS OF REMUNERATION OF MR. T. M. M. NAMBIAR MANAGING DIRECTOR

8. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:-

" RESOLVED that pursuant to the provisions of Sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the reappointment and terms of remuneration of Mr T. M. M. Nambiar, Managing Director of the Company, for the period April 1, 2001 upto May 31, 2002 upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in the financial years during the aforesaid period) set out in the draft Agreement submitted to this Meeting and signed by a Director for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Directors and Mr Nambiar."

REAPPOINTMENT & TERMS OF REMUNERATION OF DR. A. K. CHATTERJEE WHOLETIME DIRECTOR

9. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of Sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the reappointment and terms of remuneration of Dr A. K. Chatterjee, Wholetime Director of the Company, for a period of two years commencing from April 1, 2001 upon the terms and conditions (including the remuneration to be paid

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in the event of loss or inadequacy of profits in any financial year during the aforesaid period) set out in the draft Agreement submitted to this Meeting and signed by a Director for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Directors and Dr Chatterjee."

REAPPOINTMENT & TERMS OF REMUNERATION OF MR. M. L. NARULA WHOLETIME DIRECTOR

10. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of Sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the reappointment and terms of remuneration of Mr M. L. Narula, Wholetime Director of the Company, for a period of two years commencing from April 1, 2001 upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) set out in the draft Agreement submitted to this Meeting and signed by a Director for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Directors and Mr Narula."

REVISION IN THE TERMS OF REMUNERATION OF MR. P. K. SINOR WHOLETIME DIRECTOR

11. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:-

"RESOLVED that in partial modification of Resolution No. 8 passed at the Annual General Meetings held on September 3, 1997 and July 7, 1999 for the appointment and terms of remuneration of Mr P. K. Sinor, Wholetime Director of the Company, and in accordance with the provisions of Sections 269, 309, 310 and other applicable provisions if any, of the Companies Act, 1956, the Company hereby approves of the variation in the terms of remuneration of Mr P.K. Sinor, Wholetime Director, (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year) for the remainder of the tenure of his contract as set out in the draft Supplemental Agreement submitted to this Meeting and signed by a Director for the purpose of identification, which Agreement is hereby specially sanctioned with liberty to the Directors to alter and vary the terms and conditions thereof in such manner as may be agreed to between the Directors and Mr Sinor."

EMPLOYEES' STOCK OPTION SCHEME (ESOS)

12. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution :-

" 'RESOLVED that in accordance with the provisions of Sections 79A, 81 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof) and in accordance with the provisions of the Articles of Association of the Company and the regulations/guidelines prescribed by the Securities and Exchange Board of India or any other relevant authority, from time to time to the extent applicable and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to grant to such employees as are in the permanent employment of the Company in the management cadre, at such time the grant is made including the Directors of the Company, as may be decided solely by the Board, an aggregate of upto 15,00,000 Options under the Employees Stock Option Scheme (ESOS) during the financial year 2001-2002, each Option convertible into one Equity Share of face

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value of Rs.10 each on payment of such exercise price as may be decided by the Board and therefor to issue or allot, such number of Equity Shares of the Company, at such price, in such manner, during such period, in one or more tranches and on such terms and conditions, as the Board may decide, as set out in the Explanatory Statement hereto, not exceeding 15,00,000 Equity Shares of the Company.'

'RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required in pursuance of the above Issue, and that the Equity Shares so issued or allotted shall rank in all respects pari passu with the existing Equity Shares of the Company.'

'RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form and terms of the Issue, the Issue price and all other terms and matters connected therewith, and to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary or desirable for such purpose, and to make and accept any modifications in the proposal, including to withdraw, suspend or revive the Scheme from time to time, as may be required by the authorities involved in such issues and to settle any questions or difficulties that may arise in regard to the Issue.'"

ESOS — EXTENSION OF THE SCHEME TO EMPLOYEES OF THE COMPANY'S SUBSIDIARIES

13. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution :-

"'RESOLVED that in accordance with the provisions of Sections 79A, 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and in accordance with the provisions of the Articles of Association of the Company and the regulations/guidelines prescribed by the Securities and Exchange Board of India or any other relevant authority, from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to extend the benefits of the Employees' Stock Option Scheme (ESOS) proposed in the Resolution under Item 12 of this Notice to such employees in the management cadre as are in the permanent employment of the Company's Subsidiaries including Directors as may from time to time be allowed under the prevailing laws, rules and regulations, and/or amendments thereto from time to time, on such terms and conditions as may be decided by the Board.'

'RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required in pursuance of the above Issue, and that the Equity Shares so issued or allotted shall rank in all respects pari passu with the existing Equity Shares of the Company.'

'RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form and terms of the Issue, the Issue price and all other terms and matters connected therewith, and to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary or desirable for such purpose, and to make and accept any modifications in the proposal, including to withdraw, suspend or revive the Scheme from time to time, as may be required by the authorities involved in such issues and to settle any questions or difficulties that may arise in regard to the Issue.'"

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CONTRIBUTIONS FOR CHARITABLE PURPOSES

14. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :-

"RESOLVED that pursuant to Section 293 (1) (e) of the Companies Act, 1956, the Company hereby approves of expenditure/donations not exceeding Rs.1.00 Crore (Rupees One Crore only) proposed to be made/incurred by the Company for the rehabilitation of the people affected by the earthquake in Gujarat during the financial year 2001- 2002 and further approves, ratifies and confirms the contributions made by the Board of Directors to charitable and other funds not directly relating to the business of the Company or the welfare of its employees aggregating Rs. 2,02,567/- (Rupees two lakhs two thousand five hundred sixtyseven only) notwithstanding that the said contribution(s) exceed 5% of the average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding."

Notes : (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

(b) The Register of Members and Transfer Books of the Company will be closed from Saturday, June 30, 2001 to Thursday, July 12, 2001 both days inclusive.

(c) The Dividend when sanctioned will be paid on and from August 1, 2001 to those shareholders whose names stand on the Register of Members on July 12, 2001. The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of shares as on June 29, 2001 as per details furnished by the Depositories for this purpose.

(d) Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for change/deletion in such bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants.

(e) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item 3 and Items 8 to 14 as set out above are annexed hereto.

(f) As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available for shareholders, debenture holders and fixed deposit holders in respect of the shares, debentures and deposits held by them. Nomination forms can be obtained from the Share Department/Fixed Deposit Section of the Company.

By Order of the Board,
For THE ASSOCIATED CEMENT COMPANIES, LIMITED,

P. K. Sinor
Wholetime Director & Company Secretary

Mumbai, May 25, 2001

Registered Office :
"Cement House"
121, Maharshi Karve Road,
Mumbai 400 020.

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EXPLANATORY STATEMENTS

The following Explanatory Statements, as required by Section 173 of the Companies Act, 1956, set out all material facts relating to the business under Item 3 and Items 8 to 14 mentioned in the accompanying Notice dated May 25, 2001.

2. **Item 3 :** In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Company's Articles of Association, Mr N A Palkhivala retires by rotation and has not sought re- election on health grounds. It has been decided by the Board that the vacancy so created on the Board of Directors of the Company should not be filled. Mr Palkhivala will continue as Chairman Emeritus for life as was earlier decided by the Board. Members' attention is drawn to Para 18.1 of the Directors' Report.

3. **Items 8 to 10 :** The Board of Directors have reappointed Mr T M M Nambiar as Managing Director of the Company for a further period from April 1, 2001 till May 31, 2002.

4. Mr Nambiar is a Commerce Graduate and a Chartered Accountant. He joined ACC in November 1975 as Financial Controller, responsible for the entire finance and accounting functions of the Company. In January 1982, Mr. Nambiar was promoted as Director – Finance. He was appointed Wholetime Director on December 21, 1988 which position he held till his appointment as Managing Director on April 1, 1996. Prior to joining ACC, Mr. Nambiar held senior positions in finance and accounts in large multi-national companies – Burmah Shell and Indian Oxygen Limited for over 16 years. Mr Nambiar is also a Director on the Board of some of the subsidiary/ associate companies of ACC. He has been elected as the President of Cement Manufacturers' Association and Chairman of the Board of Governors of National Council of Building Materials.

5. The Board has also reappointed Dr. A K Chatterjee and Mr M L Narula as Wholetime Directors, for a period of two years with effect from April 1, 2001.

6. Dr A K Chatterjee holds an M.Sc. Degree from Calcutta University. He obtained a Ph.D. from Moscow University, Russia (specialised in Materials Science with special reference to cement and ceramic technology). During his tenure of service with the Company since January 1980, Dr. Chatterjee has held various senior positions including that of Director & Chief Executive in charge of the Research & Consultancy Directorate. He was appointed Wholetime Director with effect from April 1, 1996. He is responsible for Projects, R&D and other businesses/ joint ventures. Prior to his joining ACC, Dr. Chatterjee has held various teaching positions in IIT Kharagpur and other Foreign Institutions. He was the General Manager of National Council for Cement and Building Materials from September 1972 till January 1980.

7. Mr Narula is a First Class B.Sc. Engineering (Electrical) Graduate from Punjab University and is a Fellow of the Institute of Engineers. He joined the Company in January 1963 and has held senior positions in the Company including that of Director Technical in charge of the Cement Works. He was appointed Wholetime Director with effect from April 1, 1996. He is responsible for the cement business.

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8. The terms of reappointment and remuneration of Mr T M M Nambiar, Managing Director, Dr. A K Chatterjee and Mr M L Narula, Wholetime Directors, (hereinafter referred to as the "Appointees") inter alia contain the following principal terms and conditions:-

i) **SALARY**

Name of the Appointees & Designation	Period of reappointment	Salary per month as at March 31, 2001	Proposed Salary per month with effect from April 1, 2001
Mr T M M Nambiar Managing Director	From 1-4-2001 Upto 31-5-2001	Rs.1,00,000/- in the grade Rs.35,000 – Rs.1,50,000	Rs.1,25,000/- in the grade Rs 75,000- Rs.1,50,000
Dr A K Chatterjee Wholetime Director	Two years w.e.f. 1-4-2001	Rs.75,000/- in the grade Rs.25,000 – Rs.1,00,000	Rs. 85,000/- in the grade Rs.40,000- Rs.1,25,000
Mr M L Narula Wholetime Director	Two years w.e.f. 1-4-2001	Rs.75,000/- in the grade Rs.25,000 – Rs.1,00,000	Rs.95,000/- in the grade Rs.40,000- Rs.1,25,000

The annual increments will be effective April 1, each year and will be decided by the Board each year and will be merit based and take into account the Company's performance.

ii. **PERFORMANCE INCENTIVE**

Such remuneration by way of Performance Incentive payment upto an amount equivalent to a maximum of twenty four months of their respective salary, in addition to the salary, perquisites and allowances payable, in a particular financial year as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956. The specific amount payable to the Appointees will be decided by the Board or the Compensation Committee of the Board.

Under their previous Agreements, the aforesaid Directors were eligible to receive commission calculated, with reference to the net profits ranging from six months to four years of their annual salaries. On the recommendation of the Compensation Committee, your Board has rationalized this perquisite by changing it to Performance Incentive and limiting the maximum amount payable to twenty four months salary. Performance Incentive payment unlike Commission will not be included as part of salary for the purpose of making contributions to the Provident Fund and Superannuation Fund of the Directors.

iii. **PERQUISITES & ALLOWANCES**

In addition to the salary and performance incentive payable, the Appointees shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses or allowances for utilities such

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as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for the Appointees and their families, club fees, medical insurance and such other perquisites and allowances in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and the Appointees, such perquisites and allowances will be subject to a maximum of 125% of the annual salary of the Appointees.

Perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, perquisites and allowances *shall be evaluated at actual cost. Provision for use of the Company's car for official* duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

iv. **PROVIDENT FUND, SUPERANNUATION/ANNUITY FUND**

Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or together are not taxable under the Income-tax Act. Gratuity payable as per the rules of the Company and encashment of leave at the end of their tenures shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

v. **MINIMUM REMUNERATION**

Notwithstanding anything herein, where in any financial year during the currency of the tenure of the Appointees, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above, subject to the requisite approvals being obtained.

vi. The terms and conditions of their reappointments may be varied, altered, increased, enhanced or widened from time to time by the Board as it may in its discretion deem fit, within the maximum amounts payable in accordance with the provisions of the Companies Act, 1956 or any amendments made hereafter in this regard.

vii. The draft Agreements between the Company and the Appointees inter alia also contain the following terms and conditions :-

(a) The Managing Director shall conduct the day-to-day management of the Company subject to the supervision and control of the Board of Directors. The Wholetime Directors shall conduct the day-to-day management of the Company subject to the supervision and control of the Board of Directors and the Managing Director.

(b) If at any time the Appointees cease to be Directors of the Company for any reason whatsoever, they shall cease to be Managing Director/ Wholetime Directors, as the case may be.

(c) If at any time the Appointees cease to be in the employment of the Company for any cause whatsoever they shall cease to be Directors of the Company.

(d) The Appointees are appointed by virtue of their employment in the Company and their appointments are subject to the provisions of Section 283(1)(l)

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of the Companies Act, 1956, while at the same time, they are liable to retire by rotation.

(e) The Appointees shall not be entitled to supplement their earnings with any buying or selling commission. They shall not become interested or otherwise concerned directly or through their wives and/or minor children in any selling agency of the Company without the approval of the Central Government.

(f) The Agreement may be terminated by either party giving the other party three months' notice in writing of such termination or the Company paying three month's salary in lieu of the notice.

(g) The draft Agreements also set out the mutual rights and obligations of the Company and of the Appointees.

9. In compliance with the provisions of the Companies Act, 1956 the terms of remuneration specified above are now being placed before the Members in General Meeting for their approval. The Board commends the Resolutions for acceptance by the Members.

10. The draft of the Agreements to be entered into by the Company with the Appointees are available for inspection by the Members of the Company at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

11. Mr T M M Nambiar, Dr. A K Chatterjee and Mr M L Narula, are concerned or interested in the Resolutions at Items 8 to 10 of the Notice.

12. This may also be treated as an abstract of the terms of the respective draft Agreements between the Appointees and the Company, pursuant to Section 302 of the Companies Act, 1956.

13. **Item 11 :** At the Annual General Meeting of the Company held on September 3, 1997 the Members had approved of the appointment of Mr P K Sinor as Wholetime Director of the Company on such remuneration, as was specified in the Explanatory Statement, annexed to the Notice of the Meeting.

14. Thereafter, by a resolution passed at the Annual General Meeting of the Company, held on July 7, 1999 the salary scale of the Wholetime Directors was enhanced to Rs.25,000 – Rs.1,00,000 per month (with proportionate increase in the value of the benefits related to salary) for the remainder of the tenure of the contracts i.e., upto August 3, 2002 in respect of Mr Sinor.

15. With a view to bringing the salary grade/ remuneration of Mr Sinor in line with the changes applicable for other Wholetime Directors, it is accordingly proposed to revise the salary grade applicable to Mr. Sinor to Rs. 40,000 - Rs. 1,25,000. With effect from April 1, 2001, Mr. Sinor's salary is being increased from Rs. 75,000 per month to Rs. 90,000 per month in the revised grade.

16. In addition to salary, perquisites and allowances, it is proposed that Mr. Sinor be eligible to receive a performance incentive instead of commission as is proposed for the Managing/Wholetime Directors who are to be reappointed.

17. Also, as proposed for the other Wholetime Directors, the clause in regard to the notice period for termination of the Agreement will be as under :

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"The Agreement may be terminated by either party giving the other party three months' notice in writing of such termination or the Company paying three months' salary in lieu of the notice."

18. All other terms and conditions of the appointment of Mr Sinor, Wholetime Director, as approved earlier by the Shareholders, will remain unchanged.

19. The Resolution for the revision in the remuneration of Mr Sinor is commended for acceptance by the Members.

20. The draft Supplemental Agreement between the Company and Mr Sinor is available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

21. Mr P K Sinor is concerned or interested in the Resolution at Item 11 of the Notice.

22. This may also be treated as an abstract of the respective draft Supplemental Agreement between the Company and Mr Sinor, pursuant to Section 302 of the Companies Act, 1956.

23. **Items 12 & 13:** Pursuant to the approval of the shareholders at the last Annual General Meeting held on July 19, 2000 for grant of upto 15,00,000 Options, the Compensation Committee of Directors at its Meeting held on November 8, 2000 granted an aggregate of 9,04,250 Options for the financial year 2000-01 to the eligible employees and Wholetime Directors of the Company and of its subsidiary Companies during the Company's financial year ended March 31, 2001, entitling them to get one Equity share per Option at the exercise price of Rs.108/- per share.

24. Thereafter, the Compensation Committee of Directors at its Meeting held on April 30, 2001 has approved formulation of Employees' Stock Option Scheme for the financial year 2001-02 in accordance with the provisions of the "Securities & Exchange Board of India (Employees' Stock Option Scheme and Employees' Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as the "SEBI Guidelines"). Members attention is drawn to Para 10 of the Directors' Report.

25. The salient features of the Scheme for 2001-02 are given hereunder: -

(a) The total number of options to be granted shall not exceed 15,00,000 Options i.e. about 0.9% of the Subscribed Equity Share Capital of the Company as on March 31, 2001.

(b) Those employees of the Company and Company's Subsidiaries as may be decided by the Compensation Committee and the Directors of the Company and Company's Subsidiaries as may be decided by the Board/Compensation Committee are entitled to participate in the ESOS.

(c) The Options shall be vested with the eligible employees in four equal annual instalments on the expiry of 1st, 2nd, 3rd and 4th year respectively from the date of grant of the Option(s) except that in the case of employees retiring during these four years the balance unvested Options shall vest on the vesting date immediately following the date of retirement of the employee.

(d) The exercise price for the purpose of grant of the Options shall be the average of the daily closing price of the Equity Shares of the Company on the Stock

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Exchange, Mumbai during the period of ninety days immediately preceding the date on which the Options are granted. The Compensation Committee would be authorised to decide the amount of discount not exceeding 20% on the above price if any.

(e) The Options can be exercised within a period of five years from the respective dates of their vesting in one or more tranches or as may be decided by the Compensation Committee from time to time. On exercise of the Options, the employee will be allotted one Equity Share per option at the exercise price.

(f) The Compensation Committee will determine the eligibility of employees for the ESOS based on such criteria as the Committee may consider appropriate.

(g) The maximum number of Options granted per eligible individual shall not exceed 50,000 Options per employee and 15,00,000 Options in the aggregate.

26. The Company shall conform to the accounting policies specified in the aforesaid SEBI Guidelines as may be applicable.

27. A fair and reasonable adjustment shall be made as deemed appropriate by the Compensation Committee to the number of Options and to the exercise price in case of Bonus Issue(s) of shares of the Company between the date of grant of Options and exercise of the Options. The decision of the Committee in this matter shall be final and binding.

28. Section 81 of the Companies Act, 1956, provides inter alia that whenever it is proposed to increase the subscribed capital of a company by the allotment of further shares, such further shares shall be offered to the persons who on the date of offer are holders of the Equity Shares of the Company in proportion to the paid–up capital unless the members in general meeting decide otherwise. The consent of the Members is therefore sought to authorise the Board of Directors to issue the Equity Shares in the manner set out in the Resolution at Item 12. The Special Resolutions proposed to be passed are as per and in accordance with the said SEBI Guidelines.

29. The SEBI Guidelines state that if the ESOS of a company is to be made applicable also to its subsidiary companies then in that case a separate Resolution needs to be passed by the Members. As the aforesaid ESOS of ACC would be made applicable also to the permanent employees in the management cadre, directors (present and future) of the Company's Subsidiaries, a separate Resolution at Item 13 is being proposed accordingly.

30. The Directors of the Company may be deemed to be concerned or interested in the Resolution at Item 12 to the extent of the Equity Shares that may be offered to them under the said Scheme.

31. The Board commends the Resolutions at Items 12 and 13 for acceptance by the Members.

32. **Item 14:** In performing its role as a good corporate citizen, the Company discharges various social responsibilities and undertakes various community development activities for serving the people at large. The recent earthquake, the worst of its kind in India, has caused heavy devastation in several parts of Bhuj and adjoining regions. The Board of Directors decided that an ACC team, consisting of Engineers, having the requisite knowledge and technology know-how could be

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involved in the rehabilitation work at the village level as also help in putting up earthquake resistant structures. ACC could also play a positive role in the training of people who could learn useful trades and thus help make them economically independent. It was accordingly proposed to incur an expenditure upto Rs.1.00 Crore (Rupees One Crore) towards relief/rehabilitation of the people affected by the earthquake in Kutch and the adjoining regions in Gujarat.

33. Under Section 293 (1) (e) of the Companies Act, 1956, the consent of the company in general meeting is required in cases where in any financial year contributions to charitable and other funds not related to the business of the company or the welfare of its employees exceed Rupees Fifty thousand or five percent of the average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.

34. The average net profits of the Company as determined above, are inadequate for the Company to meet its said social responsibilities. The Members are requested to approve the proposed expenditure upto a limit of Rs.1.00 Crore for rehabilitation work in Gujarat.

35. The Shareholders had at the 64th Annual General Meeting held on July 19, 2000 sanctioned an amount of Rs. 30,00,000/- (Rupees Thirty Lakhs only) towards contributions to charitable/other benevolent funds. As against this, during the financial year ended March 31, 2001, the Company has spent in the aggregate Rs. 32,02,567 (Rupees Thirty two lakhs two thousand five hundred sixty seven only) as donations in cash/kind as detailed hereunder which is marginally higher than the sanctioned amount by Rs. 2,02,567/- (Rupees Two lakhs two thousand five hundred and sixty seven.)

Particulars	Amount (Rs.)
Himachal Pradesh Chief Minister's Relief Fund	11,00,000
Cement donated to various Institutions (mainly Ramakrishna Mission, Tata Relief Committee, Pranab Kanya Sangha and People for Animal)	20,09,567
Organisation for Verdant Ambience & Land	50,000
Pratham - Delhi Education Initiative	30,000
Society for the Eradication of Leprosy	5,000
Indian Association of Blood Cancer & Allied Diseases	5,000
Shree Mataji Nirmala Devi Foundation	3,000
Total	**32,02,567**

The Members are requested to approve and ratify the excess contribution made during the year.

By Order of the Board,
For THE ASSOCIATED CEMENT COMPANIES LIMITED,
P.K. Sinor
Wholetime Director & Company Secretary

Mumbai, May 25, 2001.

Registered Office :
"Cement House"
121, Maharshi Karve Road,
Mumbai 400 020.

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MANAGEMENT DISCUSSION AND ANALYSIS

HIGHLIGHTS OF PERFORMANCE

- Cement sales volume was up by 3% and operating income saw an increase of 10% during the year despite industry recording negative growth
- Operating profits were up by 78% at Rs.406 crore
- Net profits before Exceptional Items & Tax was Rs.94 crore as against a loss of Rs.59 crore in the previous year
- Turnaround in profitability is mainly on account of improvement in operational efficiencies which had resulted in noteworthy reductions particularly in the cost of power, fuel & manpower despite the normal inflationary impact on costs of inputs as also due to the improvement in cement prices
- Rs.30 crore charged to Profit & Loss Account as Exceptional Items towards 'write down of assets' of the Synthetic Ferric Oxide plant due to its closure and a further Contingency Provision of Rs.13 crore made to meet the adverse impact of the Company's investment in ACC-Nihon Castings Ltd. its subsidiary
- New Plant at Wadi which has the largest kiln in the country has been successfully commissioned for Trial production and is expected to have a cement capacity of 2.6 million tonnes per annum when it goes on full stream shortly. With the commissioning of this plant, the Company retains its leadership position in the industry with the enhanced installed capacity of 15.3 million tonnes per annum
- Agreement to Sell entered into with Asahi Glass Company, Japan post balance sheet date for sale of the company's entire stake in Floatglass India Ltd. for a net consideration of Rs.19.90 crore and the resultant diminution in value of investment of only Rs.3 crore has been provided for in the Accounts. This marks the first successful completion in the area of divestments and efforts are on to divest other non cement business as decided earlier by the Board.

INDUSTRY OUTLOOK & OPPORTUNITIES FOR CEMENT BUSINESS

With the cement production of 93.52 million tonnes, Indian Cement Industry has the distinction of being the second largest producer of cement in the world after China. The installed capacity of the industry reached 119.3 million tonnes by March 2001. The bulk of the capacity is modern and contemporary as it has been added during the last two decades. It is a matter of great satisfaction and pride that the Indian Cement Industry compares favourably with the best in the world in terms of technology, operating efficiencies and manpower productivity.

The quality of cement produced in the country is of international standards which has enabled increasing levels of export of cement and clinker from India. Export of clinker and cement grew by over 60% to more than 5 million tonnes during 2000-01 which is a testimony to the quality of cement produced in the country.

Indian Cement Industry has been one of the first beneficiaries of the policy of liberalisation when various controls were lifted during the early eighties. The Industry responded positively to the encouragement given by the Government and consequently the last two decades witnessed a growth in cement production by nearly 70 million tonnes whereas during the previous three decades, cement production grew by only less than 20 million tonnes.

Cement consumption in India has been growing at a compound annual growth rate of around 8% during the last decade. Cement consumption has strong links with the general state of economy and specifically with the health of the construction industry and, therefore does witness ups and downs in its growth from year to year.

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While cement consumption grew by as much as 15% during 1999-00, it registered a marginal drop during 2000-01 which can be attributed to a slow down in the economy and severe drought conditions prevailing in several states and other natural calamities such as cyclones and earthquake in others.

Even though India is now the second largest cement producer of the world, per capita consumption of cement in the country is only around 90 kgs as against the world average of 260 kgs. The per capita consumption of China is more than 400 kgs whereas many of the developed countries are still achieving per capita consumption in excess of 500 kgs. Cement consumption is rightly considered a barometer of the economy of a country. It is obvious that for a developing country like ours, cement consumption would need to grow at a rate significantly higher than the growth rate of GDP. Just to achieve the world average per capita cement consumption, production and consumption of cement in the country need to grow by more than two and a half times of the current levels.

Large unfulfilled housing requirements in both urban and rural areas has been receiving the attention of the government. A number of initiatives have been announced during the last two Union Budgets to encourage easy availability of loans at low rates of interest as well as various tax incentives for personal housing. This has resulted in housing loan disbursement growing by more than 40% during the last year.

Inadequacy of highways and roads of international class in the country has been evident for quite sometime and it is believed to be one of the major bottlenecks in accelerating the growth of the economy. Though a number of initiatives were announced from time to time, we are now witnessing concrete action for creation of strong network of highways to connect four major cities viz Delhi, Calcutta, Chennai and Mumbai, popularly known as "Golden Quadrilateral". This project involving about 7500 kms of highways has already taken off. As a part of this project, nearly 1600 kms of roads are already proposed to be built in concrete which will result in demand of over 4 million tonnes of cement during the next two to three years. Efforts are also on to persuade the concerned authorities to do as much highway construction as possible in concrete. The concrete roads have by now well established their competitiveness over tar roads in terms of total life cycle cost and therefore we are likely to see more and more roads, experiencing high density traffic, built in concrete in the days to come. This is expected to provide a major fillip to the growth of the cement consumption in the country.

During last year, another new initiative by way of Pradhan Mantri Gram Sadak Yojana has been announced to link all villages with a population over 5000 by all-weather pucca roads. Over Rs.2500 crores have already been earmarked during the year for this project. The cement industry is hopeful that a part of these rural roads will be built in concrete. The concrete roads in rural areas are particularly relevant and attractive as they are relatively maintenance free.

Extensive damage to buildings during the unfortunate earthquake in Gujarat once again confirmed the need for well designed, high quality RCC construction to withstand high intensity earthquake tremors. This awareness is expected to spur growth of cement consumption in earthquake prone areas besides cement requirement for re-building earthquake damaged areas.

Cement consumption is, therefore, likely to get a fillip from both the housing and the infrastructure during the coming years.

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Indian Cement Industry has been meeting the complete requirement of cement in the country during the last decade and has adequate capacity to satisfy any growth that may be witnessed during the coming years. Consequently, no cement has been imported in the country during the last 10 years. Moreover, cement price in the country is less than what is prevailing in various other international markets. As cement requirement is spread across the country, inland freight is a major cost component in price of cement in our country. Import of cement consequently is neither a viable nor a feasible option despite reduced customs duty to economically satisfy cement requirements of the country.

Cement demand growth during 2001-02 is expected to be higher than 2000-01 which is likely to improve the capacity utilisation of the industry. While there may be occasional aberrations by way of slow down in demand which mirrors the state of the economy in general or due to some other temporary phenomena as was reflected in the year under report, there can however be no doubt that due to the huge unfinished agenda on the development front of our country , the long term outlook for the cement industry will remain excellent.

RISKS & CONCERNS - CEMENT BUSINESS

The low price of cement prevailing over the last few years has taken a heavy toll on the financial health of the Indian Cement Industry. While cement price stagnated or declined, prices of all other construction materials rose by over 20% during the last few years. It is in the long term interest of both consumers and the producers that cement is available at a fair price everywhere in the country in abundant quantity to meet the growing needs of the economy.

Depressed cement prices have also discouraged fresh investment in creation of new cement capacity. While many plants are optimising and debottlenecking their capacities, during last year only one new plant of less than one million tonne capacity went into operation. Being a highly capital intensive industry, a fair return on capital is essential for the cement industry to remain healthy and grow in line with demand.

Cement Industry is a highly energy intensive industry with power and coal alone accounting for around 60% of the variable cost. The recent revisions in electricity tariff have been unusually high and hence power drawn from Electricity Boards for cement production is at a very high cost . Since the restructuring of State Electricity Boards is on the cards, the tariff rates are expected to rise sooner than later. While Cement Industry is trying to insulate itself from the rising power tariffs by installing Captive Power Plants (CPPs), many State Governments are however, as a policy, discouraging use of CPPs (capable of providing power economically) for meeting regular power requirements so that the cement plants have to continue to depend on State Electricity Boards for their power needs. This negates the fundamental basis and spirit underlying the various laws as enshrined in the Electricity (Supply) Act.

Freight and transport cost also form another major component of the cement price in different locations. During the last 9 years, input costs of major components, which comprise the final cement price have risen between 100% and 220%.

Costs of inputs in cement production have gone up by Rs.108 per bag during the last decade as per a study by CMA, mainly due to the fact that these major inputs in cement production are governed by the administered price mechanism. However,

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during the last five years cement prices have, in fact, come down. To add to these problems, cement is one of the highest taxed commodities in our country with levies of around 25-30% of its price.

SEGMENTAL REVIEW AND ANALYSIS

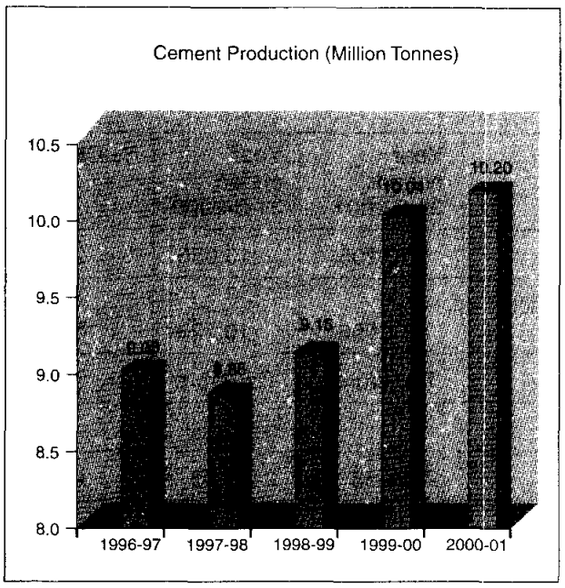
Cement Business - Performance at a glance :

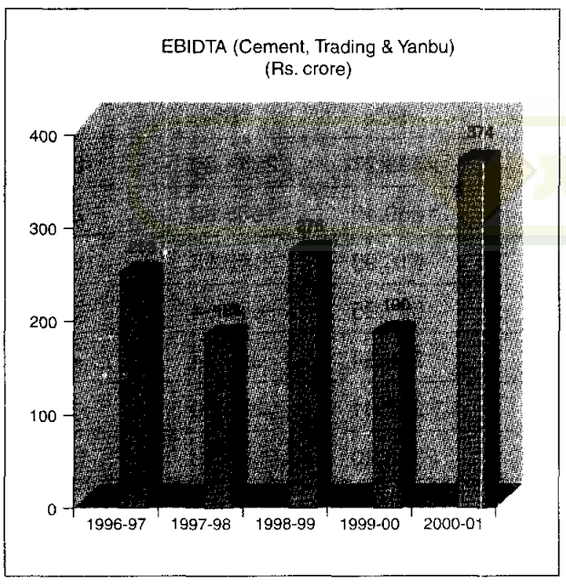
	Year ended 31-3-2001	Year ended 31-3-2000	% Change
Production – Million Tonnes	10.205	10.036	2
Sales volume– Million Tonnes (Incl traded cement)	11.056	10.723	3
	Rs. crore	Rs. crore	
Sales Turnover*			
Outside parties	2627.53	2401.55	9
Inhouse sale	4.28	3.75	14
Total	2631.81	2405.30	9
Average Sales Realisation(Gross-Rs/T)	1974	1849	7
Profit before Depreciation, Interest &Tax (A)*	373.64	190.03	97
Profit Before Interest &Tax *	251.15	83.31	201
Operating Margin %*	14%	8%	
Gross Block *	2493.27	2344.30	6
Net Block*	1669.40	1638.28	2
Capital work in progress*	418.99	148.55	182
Current assets*	591.35	610.54	-3
Current Liabilities*	339.54	355.24	-4
Working capital*	251.81	255.30	-1
Capital employed (B)*(incl CWIP)	2340.20	2042.13	15
Return on Capital Employed % (A/B)	19%	10%	

*including Cement,Trading and Yanbu activities. Return on capital employed = PBDIT / capital employed excluding capital work in progress

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Operational Performance	2000-01	1999-00
Production–Million Tonnes (cement)	10.205	10.036
Blended cement (%)	77%	70%
Capacity utilisation	83%	87%
Kcal /Kg of Clinker	800	815
Power consumption (Process) Kwh/T	97	98
Manhours per tonne of cement	1.5	1.9

Despite a negative growth rate of around 1% recorded by the Cement Industry in 2000-01, sales of the company grew by 3%.

Costs & profitability:

The operations of the year 2000-01 significantly improved in view of the thrust on cost reduction and improved price realisation.

The main cost increases during the year are due to the following factors:

- Cost increase due to higher delivered cost of Fly ash and Slag
- Higher impact of early separation schemes
- Increase in Royalty and Cess on Limestone
- Higher cost of power from some of the State Electricity Boards
- Full year impact of depreciation and interest of Captive Power Plants at Kymore and Jamul and other capacity augmentation plans.

However, the adverse effect of the above was offset by cost savings brought about by:

- Better product mix
- Improved manufacturing efficiencies
- Lower delivered cost of fuel due to improved supply chain management
- Substantial reduction in cost of power due to the benefits flowing from the larger availability of power from the Company's Captive Power Plants
- Lower overhead expenses
- Lower cost of manpower as a result of ongoing rationalisation programme which had resulted in the manpower strength reducing by over 4200 employees in the last three years.

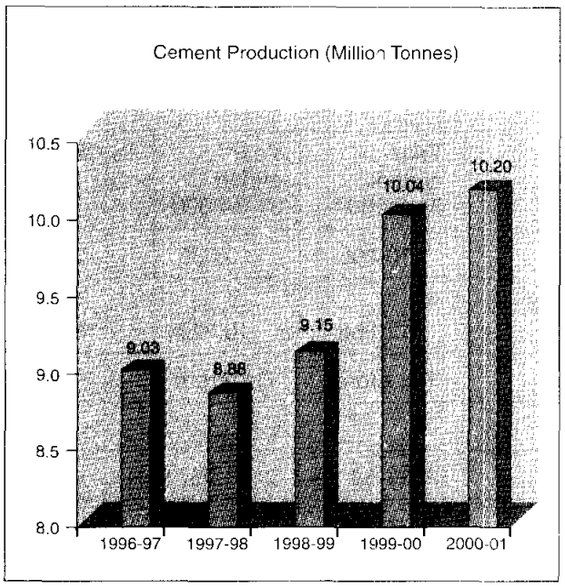
Further, cement prices which had remained at unremunerative levels for the last few years and for the most part of year 2000, experienced some level of correction in the market place towards the latter part of the year, which also contributed to the improvement.

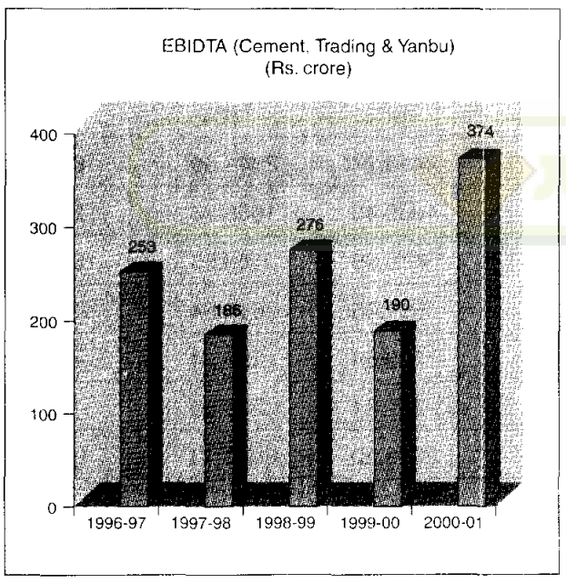
FUTURE PLANS – CEMENT BUSINESS

In line with growth of the cement market, ACC will be adding capacity in strategic markets to maintain its leadership in the Company's core business. During the year the capacity at Chanda, Madukkarai and Gagal Cement Plants was on the aggregate enhanced by 7 lakh tonnes. These will help in strengthening ACC's position further in North and South India.

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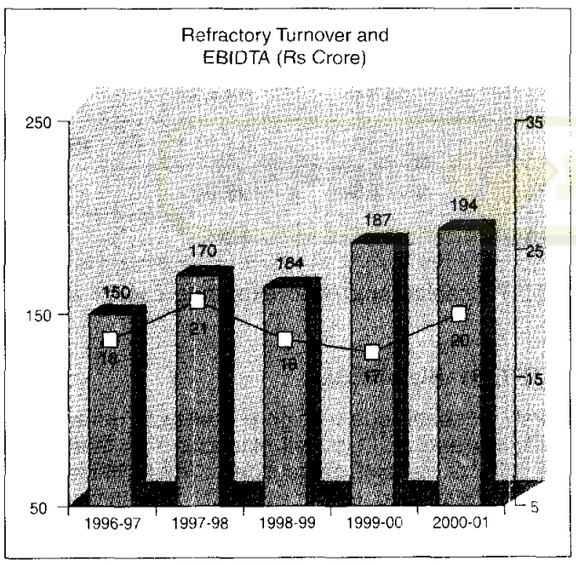
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ACC's market share in Maharashtra and Karnataka will see a marked improvement in 2001 with the new 2.6 million tonne production line at Wadi, Karnataka having come on stream. With the commissioning of this line, which has the largest kiln in the country, Wadi Plant with the aggregate annual capacity of 4.6 million tonnes will have the distinction of also being the largest cement manufacturing facility in the country at one site.

With the commissioning of New Wadi Plant, the Company's annual cement production capacity is 15.3 million tonnes,thereby continuing its leadership position in the industry.

The Company has adequately insulated itself from disruptions in power supply by meeting around 75% of its power requirement through captive generation. In keeping with its policy of maximising its captive power capability it is also in the process of increasing its thermal captive power generation capacity by another 37.5 MW at Wadi and by 15 MW each at Chanda and Madukkarai.

The Company continues to pay considerable attention and focus on reducing costs. Initiatives have been taken in specific areas like fuel, power and manpower. The cost of production of cement is expected to be further brought down during the coming year by reducing cost of power by fully utilising the captive power plants at Kymore and Jamul and by increasing the share of blended cements in total production at some of the plants. The wage bill for the Company is also likely to see a fair reduction during the years ahead due to the large number of employees having availed of the early separation schemes during the previous years. Continuing emphasis on better supply chain management and streamlining of distribution logistics is expected to yield substantial gains due to the freight intensive nature of the business. Effective management and promotion of the Company's strong brands are expected to continue to yield a premium for its products in each of the markets where it operates.



INDUSTRY OUTLOOK FOR REFRACTORY BUSINESS

Indian Refractory Industry has an installed capacity of 15 lakh tonnes. Industry production was 7 lakh tonnes with capacity utilisation of 46% during year ended March 31,2001. Iron and Steel Industry which is the major consumer of refractories has seen its specific consumption reduced from 35 Kgs per tonne of crude steel during the year 1987-88 to 16 Kgs per tonne during 2000-01, mainly due to improvements in the quality of refractories and manufacturing process of the user industries.

Opportunities and threats

In the refractory industry, the competition is mainly from the large number of small refractories manufacturers who engage in unhealthy competition with each other. However, integrated steel plants who are the main consumers of refractories have now recognised the benefits of buying from established manufacturers. Customers are also looking towards Total Refractory Management Services from refractory producers. Monolithic products are displacing the refractory bricks and shapes in majority of application areas and this trend is expected to continue in substantial measure.

The major problem faced by the industry is the slump in demand for the products of the major consuming industries and in particular the iron and steel sector. This has led to a decline in the total off-take of refractories as also adversely affected the receivables.

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Refractory Business - Performance at a glance :

	Year ended 31-3-2001	Year ended 31-3-2000	% Change
Sales volume – Million Tonnes	0.119	0.115	3
	Rs. crore	Rs. crore	
Sales Turnover:			
Sales to outside parties	162.78	156.32	4
Inhouse sales	31.47	30.29	4
Total	194.25	186.61	4
Profit Before Depreciation, Interest & Tax (A)	19.83	17.07	16
Profit Before Interest & Tax	14.77	12.04	23
Profit Before Tax	5.52	1.99	177
Operating Margin - %	10%	9%	
Gross Block	78.84	77.69	1
Net Block	36.07	39.68	-9
Capital work in progress	0.24	0.49	-51
Current Assets	90.46	89.57	1
Current Liabilities	29.11	24.67	18
Working Capital	61.35	64.91	-5
Capital Employed (incl CWIP) (B)	97.66	105.08	-7
Return on capital employed -% (A/B)	20%	16%	

Return on Capital employed = PBDIT / capital employed excluding capital work in progress

OUTLOOK FOR ACC – REFRACTORY BUSINESS

While refractory consumption is likely to shrink due to higher quality of refractories there is increasing usage of monolithics and ACC is well placed in this market as ACC Refractory Division produces 85% of its total production as monolithics. This market is going to grow in line with developed countries. ACC has focused on manufacture of special refractory products with specific emphasis on Project Application Services. Besides, the thrust on reduction of processing cost, inventories and working capital will have a positive impact on the Refractory Business. In addition, Refractory business is planning to improve export sales, which has been growing at the rate of 30% during the last couple of years.

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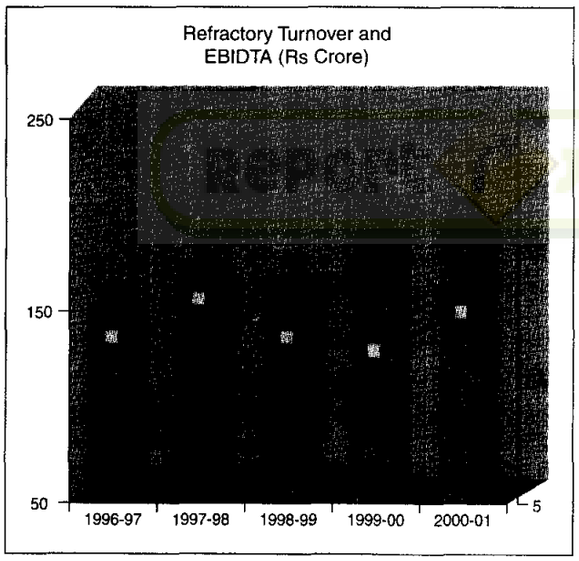
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ACC's market share in Maharashtra and Karnataka will see a marked improvement in 2001 with the new 2.6 million tonne production line at Wadi, Karnataka having come on stream. With the commissioning of this line, which has the largest kiln in the country, Wadi Plant with the aggregate annual capacity of 4.6 million tonnes will have the distinction of also being the largest cement manufacturing facility in the country at one site.

With the commissioning of New Wadi Plant, the Company's annual cement production capacity is 15.3 million tonnes,thereby continuing its leadership position in the industry.

The Company has adequately insulated itself from disruptions in power supply by meeting around 75% of its power requirement through captive generation. In keeping with its policy of maximising its captive power capability it is also in the process of increasing its thermal captive power generation capacity by another 37.5 MW at Wadi and by 15 MW each at Chanda and Madukkarai.

The Company continues to pay considerable attention and focus on reducing costs. Initiatives have been taken in specific areas like fuel, power and manpower. The cost of production of cement is expected to be further brought down during the coming year by reducing cost of power by fully utilising the captive power plants at Kymore and Jamul and by increasing the share of blended cements in total production at some of the plants. The wage bill for the Company is also likely to see a fair reduction during the years ahead due to the large number of employees having availed of the early separation schemes during the previous years. Continuing emphasis on better supply chain management and streamlining of distribution logistics is expected to yield substantial gains due to the freight intensive nature of the business. Effective management and promotion of the Company's strong brands are expected to continue to yield a premium for its products in each of the markets where it operates.



INDUSTRY OUTLOOK FOR REFRACTORY BUSINESS

Indian Refractory Industry has an installed capacity of 15 lakh tonnes. Industry production was 7 lakh tonnes with capacity utilisation of 46% during year ended March 31,2001. Iron and Steel Industry which is the major consumer of refractories has seen its specific consumption reduced from 35 Kgs per tonne of crude steel during the year 1987-88 to 16 Kgs per tonne during 2000-01, mainly due to improvements in the quality of refractories and manufacturing process of the user industries.

Opportunities and threats

In the refractory industry, the competition is mainly from the large number of small refractories manufacturers who engage in unhealthy competition with each other. However, integrated steel plants who are the main consumers of refractories have now recognised the benefits of buying from established manufacturers. Customers are also looking towards Total Refractory Management Services from refractory producers. Monolithic products are displacing the refractory bricks and shapes in majority of application areas and this trend is expected to continue in substantial measure.

The major problem faced by the industry is the slump in demand for the products of the major consuming industries and in particular the iron and steel sector. This has led to a decline in the total off-take of refractories as also adversely affected the receivables.

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READY MIX CONCRETE (RMC) BUSINESS

Performance at a glance :

	Year ended 31-3-2001	Year ended 31-3-2000	% Change
Sales volume – Lakh cubic metres	6.06	6.43	-6
	Rs. crore	Rs. crore	
Sales Turnover	91.15	76.18	20
Profit Before Depreciation, Interest & Tax (A)	6.51	6.27	4
Profit Before Interest & Tax	-0.26	0.69	
Profit Before Tax	-7.13	-5.16	-38
Operating Margin - %	7%	8%	
Gross Block	68.69	62.36	10
Net Block	50.01	50.41	
Capital work in progress	9.27	11.39	-19
Current Assets	30.74	25.66	20
Current Liabilities	13.94	14.55	-4
Working Capital	16.80	11.11	51
Capital employed (incl CWIP) (B)	76.08	72.91	4
Return on Capital Employed % (A/B)	10%	10%	

Return on Capital employed = PBDIT / capital employed excluding capital work in progress

Sales turnover of RMC went up by 20% year-on-year. Sales volume was marginally lower at 6.06 lakh cu.m as compared to 6.43 lakh cu.m in the previous year mainly due to lower volume of jobs/conversion basis. The lower profitability during 2000-01 was due to :

1) Improvement in sales realisation of 14% being negated by substantial all round increase in cost by 24%.

2) Lower volume of service activity did not result in full recovery of fixed cost.

3) Inability to pass on the cost increases in the market place due to the intense competition.

4) Higher interest and depreciation on account of full year impact of new capitalisation.

Area of concern:

- Pressure on margins due to competition and also due to increase in the cost of inputs.
- High level of sales tax increasing the cost of RMC steeply as compared to site mixed concrete.

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Action plans for future:

- Optimising the mix design
- Relocating the surplus plants /equipment for the new projects
- Better management of price of inputs

RESEARCH AND CONSULTANCY DIRECTORATE (RCD)

RESEARCH & DEVELOPMENT

ACC is the only cement company which has the unique advantage of having an inhouse State of the art Research & Development (R&D) facility. There is a continuous endeavour to make the most of this facility both for the Company and the Industry and thereby add value to the enterprise.

Research & Development efforts in the areas of cement and concrete were focused on improving the quality of our blended cements, utilisation of marginal quality raw materials and characterisation and processing of fly ash.

Significant work was undertaken in the areas of mix design and properties evaluation of high performance concretes using a variety of additives, admixtures and performance enhancers.

In the areas of generic refractories, development of highly moisture resistant lime and lime magnesite refractories reached the stage of plant scale trials. Two Novel refractory binders with superior properties were developed.

In the area of construction technologies with large market potential, two technologies relating to road construction and coloured industrial floors were developed and applied for field trials.

In the area of Nox abatement technology (under the TIFAC – HGT Scheme), Phase I of the technology demonstration at Badarpur Thermal Power Station was successfully concluded.

ENGINEERING CONSULTANCY

While growth in the power, mining, cement and steel industries (the main sectors served by our engineering consultancy business) remained low, our turnover grew about 12% and significantly in profitability.

In the Environment Management Business, a strategic shift to retrofit/rebuild segment was made to exploit growing opportunities in this area.

Performance at a glance :

	Year ended 31-3-2001	Year ended 31-3-2000	% Change
	Rs. crore	Rs. crore	
Sales Turnover	58.14	51.97	12
Profit Before Depreciation, Interest &			
Tax(A)	6.74	6.76	
Profit Before Interest & Tax	4.81	4.93	-2
Profit Before Tax	2.80	2.32	21
Capital Employed *(incl CWIP)(B)	33.19	28.15	18
Operating Margin - %	12%	13%	
Return on Capital Employed -%(A/B)	21%	25%	

*For total RCD

Return on capital employed = PBDIT/Capital employed excluding capital work in progress

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Action plans for future:

A) Opportunities and threats for consultancy activities

The bulk of our consultancy activities are targetted towards the following sectors:

	Activity	Major Sectors Served
a.	Environmental Management	Thermal Power Plants, Cement Plants, Aluminium Plants, Industrial Waste Management
b.	Mineral Extraction Processing	Aluminium, Base and precious metals, solid fuels, cement
c.	Construction	Repairs, rehabilitation and restoration of structures

In the near term, new business opportunities are seen to be better in the alumina and aluminium production sectors and in retrofit and rebuild segments of pollution control equipments. Opportunities exist in innovative solutions to solid, liquid and gaseous effluent abatement.

Repairs, rehabilitation and restoration of structures like pavements, industrial floorings and heritage buildings present opportunities for new products and technologies.

Continuing recessionary conditions in most of the manufacturing and mineral extraction and processing industries are impediments to quick growth in turnover and profitability.

B) Opportunities for R&D activities

Opportunities abound in the areas of improvement of volumes and product quality in the cement sector and refractory products. Environmental Management sector in terms of industrial pollution control are long-term opportunities. Development of computer simulation packages for design of high performance concrete materials and structures are potentially rewarding opportunities.

DIVESTMENTS

It may be recalled that the Board had taken a decision to focus on its core business and exit from all other non cement business in an optimal manner. The members will be pleased to learn that a beginning has been made in this direction.

After the end of the financial year, an Agreement for Sale has been entered into with Asahi Glass Company, Japan (AGC) for sale of the company's entire stake of 13% in Floatglass India Ltd.(FGIL). FGIL is a potentially sick company which has huge accumulated losses resulting in its net worth being eroded. AGC has infused large amounts of capital particularly by way of subscription to Preference Shares in FGIL from time to time. Despite its poor financial health and its share price quoting at almost half its face value of Rs.10, your Company has been able to realise a price of Rs.10.50 per share for its equity shares and a price of Rs.124 per share for its Preference Shares(Face value Rs.100 per share).It is therefore particularly noteworthy that the Company will realise an aggregate amount of Rs.19.90 crore for its investment inclusive of compensation pursuant to a 'non – compete' clause and termination of the agreement, leaving a net deficit of only Rs.3 crore, which has been provided in the accounts as diminution of the value of the investment.

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It would be recalled that the company had discontinued the operations at its Synthetic Ferric Oxide plant (SFO) in the previous year due to the poor market conditions for its products which had been further excaberated by the South East Asian currency crisis. As the Company has not been successful in finding a satisfactory solution or a buyer for the plant till date, it was considered prudent to write down the value of the plant by Rs.30 crore in the books for the estimated losses likely to arise on closing down the business. Meantime efforts are on to dispose of the assets.

ACC Nihon Castings Ltd.(ANCL) a 100% subsidiary of the Company manufacturing alloy steel castings continues to perform poorly incurring heavy losses. All efforts to hive off the unit have not met with much success. As a substantial part of its net worth has been eroded, your Company has made an additional contingency provision in the Accounts of Rs.13 crore (net) for diminution in the value of the investment in this subsidiary. With this, the total provision made now stands at an aggregate amount of Rs.30 crore, thus accounting for almost the Company's entire investment in the share capital of ANCL.

ACC Rio Tinto Exploration Ltd. (ARTE) was formed as a 50:50 JV with Rio Tinto RTZ Ltd. one of the world's largest exploration companies, to jointly bid for and explore for diamonds and other precious metals on the opening up of the mining sector. Due to the delays in allocation of blocks by different State Governments the company has not been able to show any significant success in its operations. Till date your Company has invested an amount of Rs.7.5 crore as capital in this JV. In keeping with its policy your Company has signed an agreement with Rio Tinto Minerals Development Ltd. (RTMDL) to the effect that it will not be investing any further funds in the JV and that RTMDL was free to increase its share of the equity to meet the operating requirements of ARTE. While ACC has become a minority partner, it has in turn been assured that it would be paid par value for its shares by RTMDL, in the event of ARTE making profits out of its current or future explorations.

Discussions and negotiations are on at various stages for disposing of the other non cement business also. However, care would be taken to see that the Company exits from these business in an optimal manner.

PERFORMANCE OF SUBSIDIARY COMPANIES:

1) ACC Machinery Company Limited (AMCL) : AMCL has achieved a sales turnover and other income of Rs. 18.11 crore for the year ended March 31,2001 as compared to Rs. 13.31 crore during the previous year. The order intake for the year ended March 31, 2001 amounted to Rs. 15.65 crore as compared to Rs. 16.67 crore during the previous year. The general slow down in the capital goods industry has affected the working of AMCL and more than 50% of its net worth as at March 31, 2001 has been eroded making it a potentially Sick Company under the Sick Industrial Companies (Special Provisions) Act, 1985.

2) ACC Nihon Castings Limited (ANCL): ANCL's operations were also affected by the slow down in the economy. Sales turnover and other income was lower at Rs. 13.69 crore for the year ended March 31, 2001 as compared to Rs. 14.81 crore during the previous year. The Company subscribed an amount of Rs. 10.5 crore during the year towards the Equity Share Capital of ANCL due to which net worth of ANCL will continue to be positive for the year ended 31.3.2001. ANCL is a potentially sick company under Sick Industrial Companies (Special Provisions) Act, 1985.

3) Bulk Cement Corporation (India) Ltd. has achieved 54% capacity utilisation during the year as compared to 61% during the previous year in view of the sluggish market conditions. It received orders for 2.73 lakh tonnes of cement as compared to

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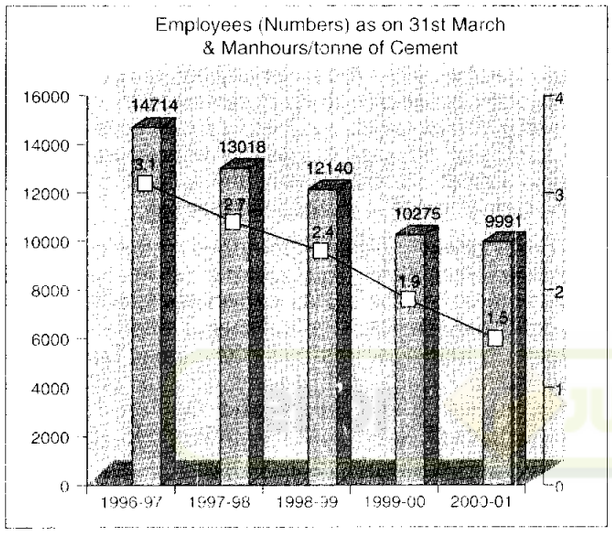
3.22 lakh tonnes of cement during the previous year. Since the Company's operations are exclusively linked to ACC's Wadi Plant, the capacity utilisation is expected to improve substantially in view of the commissioning of New Wadi Plant.

4) Damodhar Cement and Slag Ltd (DCSL): Production and sales during the year was 3.23 lakh tonnes and 3.22 lakh tonnes as compared to 4.01 lakh tonnes and 4 lakh tonnes respectively during the previous year due to sluggish market conditions. The turnover and other income was lower at Rs. 83.55 crore as compared to Rs.88.52 crore during the previous year. DCSL has however, achieved improved working results during the current year mainly due to better cement price realisation and operating efficiencies.

HUMAN RESOURCES

Continuous development of knowledge, skills and competencies is imperative in the rapidly changing business environment. Therefore, to remain ahead in the competitive market, ACC has designed and implemented a large number of initiatives to build and improve knowledge base and competencies of employees at all levels. This has been possible because of dedicated and sincere involvement of our trainers and developers at Corporate and Unit levels.

In all over 1700 management development and technical training programmes were organised at our units and Head Office in addition to on the job exposure and project work during the year.



As on March 31, 2001, the total number of employees on the rolls of the Company was 9991 as compared to 10275 as of last year.

INDUSTRIAL

In ACC, a collaborative industrial relations culture based on mutual trust and understanding has been built which is reinforced through continuous exchange of views and effective use of joint fora.

TOTAL PRODUCTIVE MAINTENANCE (TPM)

Implementation of TPM has significantly improved the employees' participation in Quality Circles(QC), Small Group Activities(SGA), Suggestion Box Schemes (SBS), Benchmarking, Best Practices, Skill Upgradation by Multi-skilling etc. These initiatives have brought visible improvements in the areas of House-keeping, Safety, Productivity Improvements and Equipment Reliability. Performance assessment of TPM effectiveness is annually carried out at all manufacturing units with the help of experienced external Consultants. ACC at the Corporate level is now a member of the TPM Club of India and necessary action has also been initiated to extend the membership to all individual cement manufacturing units.

SAFETY, HEALTH & ENVIRONMENT

SAFETY

ACC is giving maximum emphasis on safety through close monitoring of annual safety plans. Since 1995 each manufacturing unit is being audited through an external agency. Last year the audits were carried out by 3 external agencies viz. M/s National Safety Council of India, M/s Tata AIG Risk Management Service and

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M/s Zurich Risk Management Services. The annual workshop for safety officers and environment engineers of all the plants was also organised in December 2000. We implemented Occupational Health and Safety Assessment Series (OHSAS) 18001 at Gagal unit and soon it will be externally certified. The process is being extended to other units also.

HEALTH

ACC has accorded high priority to the health of its employees and their family members. All cement plants have a Health Centre which carries out regular medical examination, special tests and also takes care of sanitation and hygienic conditions of townships, schools and canteens. Our Health Centres also organise regular programmes on vaccinations, Eye and ENT camps, Malaria Immunization camps etc for the benefit of employees and their families and also for the surrounding community.

ENVIRONMENT

ACC has not only achieved the regulatory environmental compliances in all of its cement plants but is continually improving the environmental performance. In all plants the Environmental Management Systems (EMSs) provide the framework for achieving the environmental policy aims and are the main drivers for local environmental management and performance. Till the financial year 2001, six plants (viz. Madukkarai, Gagal, Jamul, Kymore, Chaibasa and Mancherial) achieved external certification to their EMSs and have become ISO 14001 certified units. The Company has also embarked upon tackling the global issues for overall sustainable growth of cement industry. These measures include reduction of energy consumption, reduction of fuel consumption, reduction of greenhouse gas (CO_2) emission, increase in utilisation of solid waste from steel industry (slag) and from Thermal Power Stations (flyash), and water conservation by storing and using the rain water, surface runoff in abandoned quarries.

We have gone in for green belt development in plant, quarry and in colony at our factories in a big way and have created some picturesque picnic spots in abandoned mines in units like Jamul and Mancherial. All the plants and mines are equipped with state of the art pollution control equipment. Our continuing efforts towards environmental protection have won us many awards over the years. During the year, Madukkarai works received Indira Priyadarshini Vrikshamitra (IPVM) Award for 1998 from Ministry of Environment and Forests and Golden Peacock Environmental Management (Commendation) Award –2000 from World Environment Foundation, New Delhi.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Management Audit:

The Company has a Management Audit team comprising finance / engineering professionals commensurate with the size of the Company who visit all the units and carry out extensive audit of the units and ensure that laid down systems and procedures are followed and which assists the management in review of operations. The Audit Committee of the Board meets periodically to review the performance as reported by the Management Audit teams. Management Audit team is independent and directly reports to Managing Director.

During the year a detailed investigation was conducted by the Management Audit team along with personnel from the Finance function with regard to certain lapses connected with banking records at the New Guwahati Area Office. Detailed ongoing investigations by the Management have resulted in criminal proceedings being initiated against some employees who have since resigned from the Company and certain

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dealers/customers of the Company who had wrongfully benefited from their fraudulent activity. Civil suits have also been filed for recovery of dues from the erring parties. As a result of the investigation, the internal control at the Area offices and other RMOs have been further strengthened and adequate preventive measures have been taken to plug such leakages in future.

Budgetary control:

The Company has a sound budgetary control system in force. There is monthly comparison of actual and budgeted costs and performance measurement and any variations are being scrutinised with a view to taking concrete action and to improve performance. The Company also has separate budgets for all revenue expenditure heads for each unit as well as for the corporate office and these are reviewed by the Management every month.

Systems Audit:

The Company conducts systems audit from external agencies from time to time to validate their adequacy and security. This exercise was last done after the Company achieved complete Y2K compliance in all its systems, hardware and software. It was recommended that these systems be revised to take full advantage of latest technological developments. A complete and detailed systems upgradation plan is currently under implementation.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

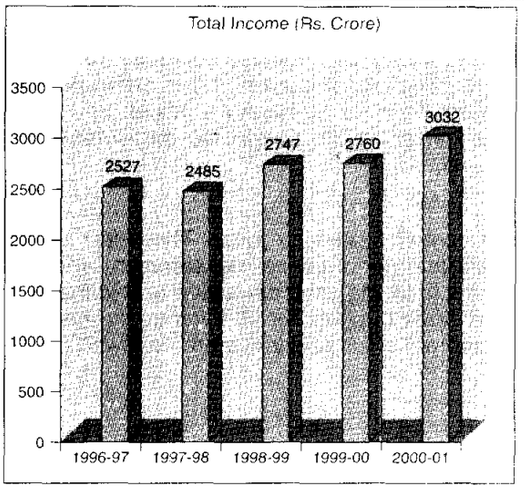
Highlights of Financial Performance:

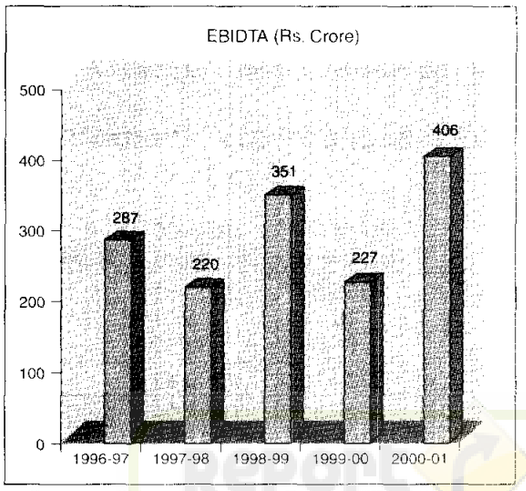
	2000-01 Rs. crore	1999-00 Rs. crore	% change
1. Net sales / Income from operations	2959.03	2701.81	10
2. Dividend & Interest	10.74	5.51	95
3. Other Income	61.99	53.10	17
4. Sub-Total (1+2+3)	3031.76	2760.42	10
5. Total Expenditure	2626.17	2532.99	4
6. Operating Profit	405.59	227.43	78
7. Operating Margin	13.38%	8.24%	
8. Gross Profit after interest but before depreciation & tax	235.41	65.66	259
9. Gross Profit after interest but before depreciation & tax (Ratio)	7.76%	2.38%	
10. Depreciation	141.28	124.51	13
11. Profit/(Loss) before tax & exceptional items	94.13	(58.85)	
12. Exceptional Items **			
Write down of value of assets	(30.00)	—	
Provision for contingencies	(13.00)	—	
13. Profit /(Loss) after exceptional items & before tax	51.13	(58.85)	
14. Provision for tax	3.65	—	
15. Profit/(Loss) after tax & exceptional items	47.48	(58.85)	
16. Return on capital employed*	17%	9%	

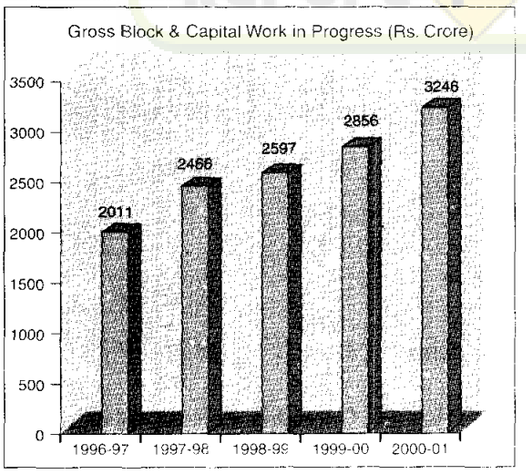
*Including non-recurring/exceptional items. ROCE = Operating profit/capital employed excluding capital work in progress.

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** Exceptional items comprise of write down of value of assets of the Synthetic Ferric Oxide (SFO) plant which was closed down in the previous year, to the extent of Rs. 30 crore and an additional provision made for contingencies to the extent of Rs. 13 crore due to the diminution in the value of the company's investment in its subsidiary ACC Nihon Castings Ltd.

The performance highlights including financial performance have been suitably dealt with in the preceding paragraphs dealing with segmental performance.

Cash flow analysis:

	(Rs. crore) 2000-01	(Rs. crore) 1999-00
Source of cash		
Cash flow from operations	403.58	197.79
Proceeds from issue of Share capital (Net of share issue exp)	(0.08)	184.81
Non operating cash flows	6.32	4.96
Increase in Debt	223.19	33.65
Sale of fixed asset	0.13	1.00
Capital subsidy	0.16	—
Total	**633.30**	**422.21**
Use of cash		
Net capital expenditure	401.61	242.19
Net Investment	10.35	6.71
Interest Paid	193.70	178.80
Dividend (including Dividend Tax)	20.06	30.86
Net change in working capital	7.70	(17.98)
Increase /(Decrease) in cash and cash equivalents	(4.83)	(18.37)
Loan to Companies and Public Bodies	4.71	—
Total	**633.30**	**422.21**

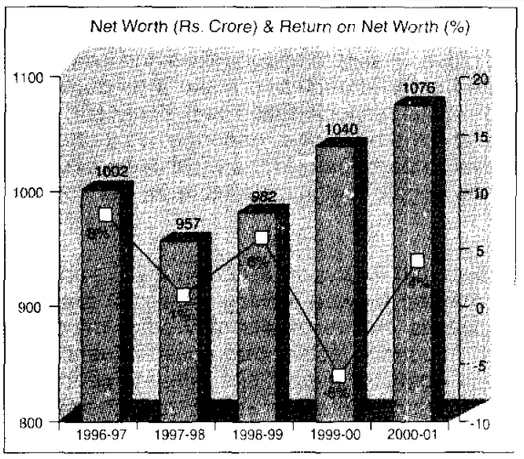
ENHANCING SHAREHOLDER VALUE

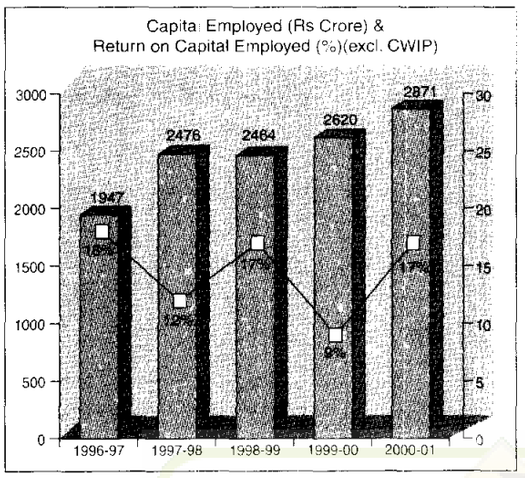
In a commodity product like cement, it is important to be a cost competitive cement producer in every cluster where its Cement Plants are located.

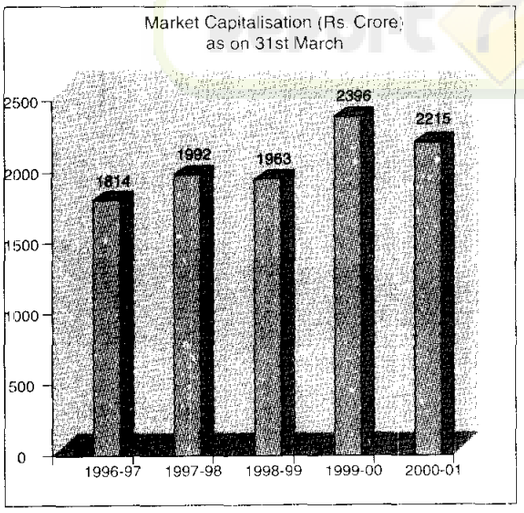
Improving operational efficiencies on a continuous basis has been the thrust area for ACC, particularly because of its legacy based problems in regard to the age of its plants and the excess manpower. Sustained focus on improvement to key operational parameters has

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resulted in substantial gains. For example, during the last six years alone, coal consumption has come down by 15% from 936 K.Cal/Kg. of Clinker to 800 K.Cal/Kg. of Clinker and power by 8% from 105 Kwh/tonne to 97 Kwh/tonne and manhours per tonne of cement improved from 3.2 to 1.5. It is expected that during the current year, further major savings in costs will be achieved in various operational areas of the Company. Captive Power Plants, besides providing uninterrupted power supply would also enable the Company to avail of cheaper power, thus contributing to improved profitability.

ACC has been the largest producer of blended cements in the country and continued its thrust during the year to further increase the share of blended cements in its total production. Efforts taken to promote blended cements resulted in the total share of blended cements going up by 7% during the year to 77%. Production of blended cements is economically attractive as it enhances the production capacity.

The Company would therefore continue to strive to enhance shareholder value by pursuing the following:

- Cost control and cost reduction by better management of inputs and enhancing efficiency parameters in respect of coal and power as also increasing production of blended cement.
- Maximising production by increasing throughput, and removing operational imbalances by debottlenecking.
- Achieve further reduction in manpower wherever feasible through early separation schemes.
- Increasing sales volume and price realisation through brand building.
- Review of distribution pattern, warehouse operations and transport logistics with a view to reducing the total delivered cost.
- Reduce working capital particularly receivables.
- Reduce cost of borrowings by substituting high cost loans with cheaper loans as was done in the year under review and by generally improving the gearing levels.
- Further reduce dependency on grid power by increasing the captive power generation to meet nearly its entire power requirements.
- Improve upon project management to reduce time and cost overrun.
- Ongoing efforts to divest non core businesses will be intensified which will release both financial and human resources for further strengthening of its core business of cement.

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ACC today is an organisation on the move — alert to opportunities and leveraging on its size, geographical network and other strengths to make it productive. It ushers in the 21st century mindful of its responsibilities and confident of its future in this great cement business and the boundless opportunities it offers as a precious basic construction material to participate in the most rewarding and fulfilling task of building houses for the people and infrastructure for our country.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

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CORPORATE GOVERNANCE

Corporate Governance essentially deals with how companies are run and the manner in which the Board of Directors discharges its mission and responsibilities to ensure proper management, with accountability, in the best interests of shareholders and other stakeholders. And, in addition, the issue of transparency and disclosure of information about the affairs of the Company.

ACC has, since its inception in 1936, recognised the importance of Corporate Governance. Your Company has over the years set in place systems for effective strategic planning and processes, risk management, human resources development, succession planning, communication policy and observed best management practices with a view to enhance shareholder value. It places emphasis on integrity of internal control systems and accountability and compliance with all statutory/regulatory requirements. ACC believes in transparency in all facets of its operations and in its interaction with shareholders and stakeholders, and in particular, customers, suppliers, employees and Government agencies.

The Code on Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) is required to be implemented by your Company in terms of the Listing Agreement/s with the Stock Exchange/s by March 31, 2001. Your Company as a result of the above initiatives taken over the years is **fully compliant with the Code.**

The report on Corporate Governance is divided into six parts: -

1. Board of Directors - Composition and functioning
2. Committees of the Board
3. Remuneration of Directors
4. Disclosures
5. Means of Communication
6. *Shareholder information*

1. Board of Directors

(a) Composition of the Board (as at March 31, 2001)

The Board of Directors consists of 16 Members, the majority of whom are Independent Directors, viz., they have no business or other relationship with the Company that could hinder their independent judgement. The Chairman of the Board is a non-executive Director. One Director is a representative of LIC, two Directors are nominees of Financial Institutions (viz. IDBI and UTI) and two Special Directors are appointed by the Government of Andhra Pradesh pursuant to Article 110 of the Company's Articles of Association. The day-to-day management of the Company is conducted by the Managing Director subject to the supervision and control of the Board of Directors and is assisted by the three Wholetime Directors.

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The particulars of the Directors is as under:—

Director	Brief Resume	Category	Number of outside Directorships held (excluding directorship in Private/Foreign Companies & Companies incorporated under Section 25 of the Companies Act, 1956)	Total number of Committee Memberships held as at March 31, 2001
Mr. N A Palkhivala (Chairman Emeritus)	Senior Advocate Supreme Court of India and Company Director. He took his M.A. degree with Honours in English from the University of Bombay in 1942. He stood First Class First in the first and second LL.B. Exams and again first in the Advocate (Original Side) Examination of the Bombay High Court in 1946. He was a member of the First & Second Law Commissions of India. In 1977 he was appointed Ambassador of India to USA which position he held till July 1979. The Honorary Degree of Doctor of Laws has been conferred on him by the Princeton University, New Jersey, USA, in June 1978, by the Lawrence University, Wisconsin, USA, in April 1979 and by the University of Mumbai in January 1998. The President of India conferred on him the award of "Padma Vibhushan" in January 1998. He has written numerous books and articles on various subjects including Taxation, Constitution of India, etc.	Non-Executive/ Independent	7	3
Mr Tarun Das (Chairman)	Graduated in Economics/Commerce from Manchester University and was awarded an Honorary Doctorate in Science from the University of Warwick, U.K. As Director General of the Confederation of Indian Industry (CII), he is closely involved with major policy making groups concerned with Indian Industry and in promoting business co-operation internationally. He has been conferred the title C.B.E. by Her Majesty, The Queen of England for his contribution to Indo-British Partnership.	Non-Executive/ Independent	1	2
Mr N S Sekhsaria (Deputy Chairman)	Bachelor of Chemical Engineering passed with Honours and Distinction securing second rank from the University of Bombay. He is the Managing Director of Gujarat Ambuja Cements Limited. He is a Trustee on the Board of Trustees of Unit Trust of India since 1993.	Non-Executive/ Independent	2	1
Mr T M M Nambiar (Managing Director)	B.Com, ACA. Prior to his joining ACC in November 1975, he held senior positions in Burmah Shell, a multinational company. He has participated in advanced Management programmes conducted by Cranfield School of Management, UK; Administrative Staff College, Hyderabad and Indian Management Association. He is presently President of the Cement Manufacturers' Association and Chairman of the Board of Governors, National Council for Cement and Building Materials, New Delhi.	Executive	8	1

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Director	Brief Resume	Category	Number of outside Directorships held (excluding directorship in Private/Foreign Companies & Companies incorporated under Section 25 of the Companies Act, 1956)	Total number of Committee Memberships held as at March 31, 2001
Mr P K Mistry	Joined the Cement Industry in 1935 and since then has been closely associated with ACC. He was the Managing Director of the Company from April 1970 to 1975. He continues to be on the ACC Board since April 1975.	Non-Executive/ Independent	—	1
Mr P J Jagus	B.E. Civil (First Class First), Associate Member of the Institute of Structural Engineers, London. He joined ACC in 1947 and was Wholetime Director of the Company from May 1980 to September 1985 and was thereafter appointed a Director on the Board with effect from October 1985.	Non-Exeiutive/ Independent	—	1
Mr N A Soonawala	B.Com, ACA . He is a Director on the Boards of various Tata Companies.	Non-Executive/ Independent	14	10
Mr O P Dubey (Representing LIC)	M.A., LL.B. He is presently the Zonal Manager of LIC (Eastern Zone). He has attended several Management training programmes/seminars including the programme for Senior Executives at IIM Ahmedabad, First International Underwriting Congress at Mexico and a seminar arranged by LIMRA International at Hartfort, USA. He was appointed on ACC Board with effect from March 1998.	Non-Executive/ Independent	1	2
Mr A L Kapur	B.A.; FCA; FICWA. He is a member of various Professional Organisations and has contributed technical papers at National and Regional Seminars conducted by the Institute of Chartered Accountants and the Institute of Costs and Works Accountants of India. He is closely associated with the Cement Industry. He was the President of the Cement Manufacturers' Association, New Delhi, (CMA) and the Chairman of the Board of Governors of the National Council for Cement & Building Materials, New Delhi (NCBM) and is presently a permanent invitee on the Managing Committee of CMA and a Member on the Board of Governors NCBM. He was a Wholetime Director of ACC during July 1985 to March 1989. He was Chairman of the Development Council for the Cement Industry for two years with effect from February 15, 1999. He is presently a Wholetime Director of Gujarat Ambuja Cements Limited.	Non-Executive/ Independent	3	3
Dr A K Chatterjee (Wholetime Director)	M.Sc. from Calcutta University. He obtained a Ph.D. from Moscow University, Russia (specialised in Materials Science with special reference to cement and ceramic technology).	Executive	7	—
Mr M L Narula (Wholetime Director)	First Class B.Sc. Engineering (Electrical) Graduate from Punjab University and is a Fellow of the Institute of Engineers. He has participated in various important	Executive	4	—

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Director	Brief Resume	Category	Number of outside Directorships held (excluding directorship in Private/Foreign Companies & Companies incorporated under Section 25 of the Companies Act, 1956)	Total number of Committee Memberships held as at March 31, 2001
	programmes such as "Competing Globally: The Japanese Cement Industry" held under the auspices of Armstrong Information Ltd., London which has very close links with London Business School and "Technology Management in a Global Economy" organised by The Administrative Staff College of India, Hyderabad and Singapore University.			
Mr P K Sinor (Wholetime Director & Company Secretary)	B.Com from University of Bombay; Fellow Member of the Institute of Company Secretaries of India (FCS); Participated in various programmes and seminars including Advanced Management Programme organised by the Indian Management Association and Senior Executive Programme at the London Business School.	Executive	2	—
Mr J N Godbole (Nominee Director of IDBI)	Bachelor of Technology in Chemical Engineering (Hons.) from IIT, Powai, Mumbai. He is a Certificate holder in Network Analysis from Small Industries Extension Training Institute, Hyderabad, in Financial Management from Bajaj Institute of Management Studies, University of Mumbai, Corporate Long Range Planning from Indian Institute of Management, Bangalore. He is an Associate Member of the Indian Institute of Chemical Engineers and Mumbai Productivity Council. He is presently Executive Director of IDBI.	Non-Executive/ Independent	4	3
Mr Amitabha Ghosh (Nominee Director of UTI)	Chartered Accountant. Fellow Member of the Indian Institute of Bankers. He has held senior positions/ directorships in the banking sector. He was the Chairman of Allahabad Bank from May 1977 till January 1982. He was Deputy Governor of Reserve Bank of India from January 1982 for nearly a decade.	Non-Executive/ Independent	14	5
Mr. B Ramakrishna (Special Director nominated by the State Government of Andhra Pradesh)	Industrialist. He is the Managing Director of Jasper Industries Limited, Hyderabad and is also a Director on the Board of Tata Finance Limited.	Non-Executive/ Independent	2	1
Mr P V Rao, IAS (Special Director nominated by the State Government of Andhra Pradesh)	B.A. (Hons.) in (Economics), LLB from Delhi University, Post Graduate Diploma in Administration (PGDA) from University of Cambridge, U.K. He has held senior positions in the Government, both at the Centre and in the State of Andhra Pradesh. He is presently the Chief Secretary to the Government of Andhra Pradesh.	Non-Executive/ Independent	—	—

Mr Pallonji S Mistry and Dr S Ganguly resigned as Directors of the Company with effect from April 26, 2000.

Mr P V Rao, IAS, has been nominated by the Government of Andhra Pradesh as a Special Director on the Board with effect from January 23, 2001 in place of Mr K Jaybharath Reddy, who ceased to be a Director of the Company with effect from January 23, 2001.

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(b) Board Procedure

The Board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of monitoring corporate performance, the functions of the Board include :-

- Direct the focus and guide the activities towards the corporate philosophy and mission;
- Approving senior appointments; monitoring of Industrial Relations; lay down broad policies on wage agreements, human resource planning and development report on major accidents, if any;
- Participating in the formulation of strategic and business plans and continual review of the same;
- Reviewing and approving financial plans and budgets;
- Discuss, review and decide on the opportunities for expansion, modernisation, new projects, merger, acquisition and divestments;
- Review of finance statements such as cash flow, inventories, sundry debtors, and/or other liabilities or claims of substantial nature;
- Reviewing/ adopting the unaudited quarterly results and the audited annual results of the Company;
- Discuss and approve of joint venture/collaborations;
- All material communications from Government;
- Monitoring corporate performance against strategic and business plans, including overseeing operations as well as benchmarking our operational and other parameters vis-à-vis the competition;
- Ensuring ethical behaviour at all times and strict compliance with laws and regulations;
- Formulating exposure limits;
- Delegation of powers to the Management;
- Apprise the shareholders regarding the Company's performance, strategies and future plans and
- Compliance with statutory/regulatory requirements.

To enable the Board to discharge its responsibilities effectively, our executive management places detailed reports on the Company's performance on a monthly basis. The Agenda and all relevant papers are sent in advance separately to each Director.

(c) Attendance Record of the Directors at Board/Annual General Meeting

During the year under review, twelve Board Meetings were held, one each on 26-4-2000, 2-5-2000, 31-5-2000, 31-7-2000, 30-8-2000, 27-9-2000, 25-10-2000, 29-11-2000, 27-12-2000, 23-1-2001, 27-2-2001 and 28-3-2001.

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Details of attendance of each Director at the Board Meetings/ AGM are as follows :-

Director	No. of Board Meetings Attended	Attendance at the AGM held on July 19, 2000
Mr. N.A. Palkhivala	4	No
Mr. Tarun Das	11	Yes
Mr. N.S. Sekhsaria	11	Yes
Mr. T.M.M. Nambiar	12	Yes
Mr P.K. Mistry	12	Yes
Mr. P.J. Jagus	9	No
Mr. N.A. Soonawala	11	Yes
Mr. O.P. Dubey (Representing LIC)	10	No
Mr. A.L. Kapur	12	Yes
Dr. A.K. Chatterjee	11	Yes
Mr. M.L. Narula	12	Yes
Mr. P.K. Sinor	12	Yes
Mr. J.N. Godbole (Nominee Director of IDBI)	9	Yes
Mr. Amitabha Ghosh (Nominee Director of UTI)	11	Yes
Mr. B. Ramakrishna (Special Director nominated by the State Government of Andhra Pradesh)	10	Yes
Mr. P V Rao IAS (Special Director nominated by the State Government of Andhra Pradesh)	3 out of 3	Not applicable

The Chairman of the Board of Directors generally chairs all meetings of the Board and the AGM.

2. Committees of the Board

(a) Audit Committee – (Constituted in August 1986)

The role and the powers of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchange. The Committee also acts as a link between the statutory and internal auditors and the Board of Directors. It reviews the various reports placed before it by the Management Audit Department and addresses itself to the larger issues and examines and considers those facets that could be of vital concern to the Company including adequacy of internal controls etc. The Committee meets the statutory auditors periodically and reviews the half-yearly and annual Auditors' Report on financial statements and discusses their findings and suggestions and seeks clarifications thereon.

The meetings of the Audit Committee during the year were chaired by Mr. P.K. Mistry who is the Chairman of the Committee. Five meetings were held during the financial year ended March 31, 2001. These were held on 31-7-2000, 26-9-2000, 25-10-2000, 29-11-2000 and 27-2-2001.

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The composition of the Committee and the number of Meetings attended by each of the Directors are as under :-

Mr. P.K. Mistry	5
Mr. P.J. Jagus	4
Mr. O.P. Dubey	5
Mr. J.N. Godbole	4

Mr P K Sinor Wholetime Director and Company Secretary acts as the Secretary to the Committee.

The Minutes of the Audit Committee Meeting are sent to all the ACC Board Directors.

(b) Shareholders' / Investors' Grievance Committee [formerly known as Committee of Directors (Shares & Debentures)] - Constituted in 1962

The Committee deals with various matters relating to :-

§ transfer / transmission of shares / debentures;
§ issue of duplicate share certificate;
§ issue and allotment of Rights / Bonus shares;
§ review of shares dematerialised;
§ monitors expeditious redressal of investors' grievances and
§ all other matters related to shares.

The Chairman of the Board of Directors is generally the Chairman of the Shareholders' / Investors' Grievance Committee. Eleven meetings were held during the period April 1, 2000 to March 31, 2001. They were held on 26.4.2000, 31.5.2000, 31.7.2000, 30.8.2000, 27.9.2000, 25.10.2000, 29.11.2000, 27.12.2000, 23.1.2001, 27.2.2001 and 28.3.2001. One Meeting each was chaired by Mr Pallonji S Mistry and Mr N A Soonawala and the other meetings were chaired by Mr Tarun Das who has been elected Chairman of the Committee with effect from May 31, 2000.

The composition of the Committee as at March 31, 2001 and the number of Meetings attended by each of the Members are as under: -

Mr N A Palkhivala	2
Mr Tarun Das	9 out of 9
Mr T M M Nambiar	11
Mr A L Kapur	9 out of 9

Mr Pallonji S Mistry and Dr S Ganguly ceased to be members of the Shareholders'/ Investors' Grievance Committee consequent upon their resignation from the Board of Directors with effect from April 26, 2000. Mr N A Soonawala has ceased to be a member of the Committee with effect from February 27, 2001.

As required by the Stock Exchanges the Company has appointed Mr. P.K. Sinor, Director & Company Secretary, as the Compliance Officer.

Complaints received during the year :-

There are no investor grievances remaining unattended for more than thirty days. Most of the cases pertain to shares lost in postal transit where certain formalities have to be complied with by the investors. Speedy action is being taken to resolve the pending cases.

(c) Compensation Committee - (Constituted in July 1993)

The terms of reference of the Compensation Committee, inter alia consists of reviewing the overall compensation policy, service agreements and other employment conditions of the Managing/Wholetime Directors with a view to retaining and motivating the best managerial talents. In determining the remuneration package of the Managing/Wholetime Directors, it evaluates the remuneration paid by comparable

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organisations and thereafter makes its recommendations to the ACC Board in this regard. It also reviews the performance of the Managing/Wholetime Directors and recommends to the ACC Board the quantum of annual increments/commissions. The Compensation Committee is also empowered to formulate the scheme for and grant of Stock Options to the employees and to monitor the proper implementation thereof.

The Committee comprises of the following three Members :-

1. Mr Tarun Das
2. Mr N S Sekhsaria
3. Mr N A Soonawala

The Chairman of the Board of Directors viz. Mr Tarun Das generally chairs the meetings of the Compensation Committee.

Three Meetings were held during the period April 1, 2000 to March 31, 2001. Mr Tarun Das was present in person for two Meetings. The other two Directors, viz., Mr Sekhsaria and Mr Soonawala were present for all the meetings of the Committee.

3. Remuneration Policy

Subject to the approval of the Board and of the Company in general meeting and such other approvals as may be necessary, the Managing/Wholetime Directors are paid remuneration as per the Agreements entered into between them and the Company. The remuneration structure of the Managing/Wholetime Directors comprises of salary, commission in the event of profits, perquisites and allowances, contributions to Provident Fund, Superannuation/Annuity Fund and gratuity. The details of the salary and perquisites (including contributions to Provident Fund/ Superannuation Fund) paid/payable to the Managing/Wholetime Directors for the financial year ended March 31, 2001 and the number of stock options granted to them is as under : -

	Salary (per annum) (Rs.)	Perquisites (per annum) (Rs.)	Commission (Rs.)	Contribution to Provident Fund/Super-annuation Fund (Rs.)	Total (Rs.)	Number of Stock Options
Mr T M M Nambiar, Managing Director	12,00,000	15,12,174	18,00,000	3,24,000	48,36,174	20,000
Dr A K Chatterjee Wholetime Director	9,00,000	13,77,470	4,50,000	2,43,000	29,70,470	13,000
Mr M L Narula Wholetime Director	9,00,000	11,39,519	13,50,000	2,43,000	36,32,519	17,000
Mr P K Sinor Wholetime Director	9,00,000	11,18,421	11,25,000	2,43,000	33,86,421	15,000

(The Stock Options have been granted @ 20% discount over the average of the daily closing price of the Company's shares on the Bombay Stock Exchange between the period March 1, 2000 to May 31, 2000. The Directors may exercise the Options granted within four years from the date of the vesting of the Options viz. between November 8, 2001 till November 7, 2005)

The Non-Executive Directors do not draw any remuneration from the Company except Sitting Fees which before April 30, 2001 were paid at Rs.2,000/- for each meeting of the Board, Audit Committee, Compensation Committee, Projects Committee and Rs.600/- for each meeting of the Shareholders'/Investors' Grievance Committee attended by them. The total amount of Sitting Fees paid during the year is Rs. 3,26,000/-.

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With effect from April 30, 2001, the Sitting Fees have been revised to Rs.5000/- for each meeting of the Board, Audit Committee, Compensation Committee, Projects Committee and Rs.1,500/- for each meeting of the Shareholders'/Investors' Grievance Committee.

The tenure of appointment of Mr T M M Nambiar, Managing Director, Dr A K Chatterjee and Mr M L Narula Wholetime Directors, was till March 31, 2001. The Board of Directors has reappointed Mr T M M Nambiar as Managing Director from April 1, 2001 till May 31, 2002. Dr A K Chatterjee and Mr M L Narula have also been reappointed as Wholetime Directors for a period of two years with effect from April 1, 2001. The tenure of appointment of Mr P K Sinor is upto August 3, 2002. The Service Agreement between the Company and the Directors would provide for termination by either party giving the other party three months' notice or the Company paying three months' salary in lieu of the notice.

4. Disclosures

There are no materially significant related party transactions of the Company with its directors or the management, their subsidiaries or relatives that may have potential conflict with the interest of the Company at large.

No strictures have been imposed on the Company by any regulatory authority for non-compliance of any laws.

5. Means of Communication

The Board of Directors of the Company approves and takes on record the unaudited financial results in the proforma prescribed by the Stock Exchange, Mumbai, within one month of close of the quarter/half year and announces forthwith the results to all the stock exchanges where the shares of the Company are listed as also to various news and wire agencies all over India. Further, the highlights of the quarterly/half yearly results in the prescribed proforma are published within 48 hours in the Mumbai edition of The Times of India and Maharashtra Times since the Registered Office of the Company is located at Mumbai. As the Company publishes the audited annual results within the stipulated period of three months as required by the Listing Agreement with the Stock Exchanges, the unaudited results for the last quarter of the Financial year are not published.

The annual audited Accounts of the Company are likewise communicated in the prescribed proforma to all the Stock Exchanges where the shares of the Company are listed as also to various news and wire agencies all over India and are also published in the Mumbai edition of The Times of India and Maharashtra Times within 48 hours of the conclusion of the meeting of the Board in which they are considered.

The Company also informs by way of a press release all matters which in its opinion are material and of relevance to the shareholders.

6. General Shareholders' Information

(a) Registered Office

Cement House
121, Maharshi Karve Road,
Mumbai 400 020.

Tel. No. : 2039122
Fax No. : 2317458
Website : www.acclimited.com

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b) Registrars and Share Transfer Agents — In-house Share Department

(c) Address for Correspondence — The Associated Cement Cos. Ltd.
Share Department
Cement House
121, Maharshi Karve Road
Mumbai 400 020

(d) Listing on Stock Exchanges:-

The Company's Equity Shares are listed on the Stock Exchanges at Mumbai, Ahmedabad, Bangalore, Chennai, Cochin, New Delhi, Kolkata & The National Stock Exchange of India Limited. (NSEL). The Privately placed Non-Convertible Debentures are listed on NSEL (Wholesale Debt Market Segment). Listing Fees for the year 2001-2002 has been paid to all the Exchanges.

(e) Stock Code — Scrip Code : Bombay Stock Exchange Scrip Code No. 410

ISIN No. : (For dematerialised Shares) INE012A01025

(f) Share Price on the Bombay Stock Exchange

Months	High (Rs.)	Low (Rs.)	Close (Rs.)
April 2000	175.00	134.00	139.00
May 2000	144.80	95.50	113.50
June 2000	126.80	103.00	117.95
July 2000	140.90	104.35	108.00
August 2000	126.90	104.00	124.50
September 2000	127.50	91.50	92.25
October 2000	97.00	83.50	93.45
November 2000	145.90	93.10	142.65
December 2000	167.15	140.50	159.00
January 2001	182.25	149.10	178.95
February 2001	196.75	172.00	177.85
March 2001	199.80	125.40	129.80

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(g) Stock Performance over the past 5 years

(In Percentage)	1 year	3 years	5 years
ACC *	(7.54)	1.94	(35.40)
BSE Sensex	(27.90)	(7.40)	7.06

* Adjusted for Rights and Bonus Issues made during this period as the case may be.

(h) Share Transfer System

The share transfers in physical form are processed and the share certificates returned within a period of 15 to 20 days from the date of receipt. The Company has, as per SEBI guidelines with effect from May 2000 offered the facility of transfer cum demat. Under the said system, after the share transfer is effected, a letter is sent to the transferee indicating the details of the transferred shares and in case the transferee wishes to demat the shares he can approach a Depository Participant(DP) with the letter. The DP will, based on the letter, generate a demat request which he will send to the Company alongwith the option letter issued by the Company. On receipt of the same the Company will demat the shares. In case the transferee does not wish to dematerialise the shares, he need not exercise the option and the Company will despatch the share certificates after 30 days time. The Company is also offering a sub division cum demat scheme for those shareholders who are submitting their shares for sub division.

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(i) Distribution of shareholding as on March 31, 2001

No. of Equity Shares held	No. of shareholders	% of shareholders	No. of shares held	% shareholding
1 to 50	55,072	37.06	12,63,549	0.74
51 to 100	28,347	19.08	23,08,873	1.35
101 to 200	25,642	17.25	37,58,671	2.20
201 to 500	20,986	14.13	68,00,181	3.98
501 to 1000	9,223	6.21	66,26,651	3.88
1001 to 5000	7,695	5.18	1,55,50,907	9.12
5001 to 10000	924	0.62	65,49,042	3.84
10001 & above	695	0.47	12,78,17,422	74.89
TOTAL	1,48,584	100.00	17,06,75,296	100.00

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(j) Categories of shareholding (as on March 31, 2001)

Category	No. of shares	Percentage
Promoter's holding	Nil	—
Individuals/Others	8,13,91,123	47.69
Companies	3,75,22,869	21.98
Mutual Funds, Banks, Financial & Govt. Institutions	3,81,30,833	22.34
FII's, NRIs, OCBs	1,36,30,471	7.99
TOTAL :-	*17,06,75,296	100.00

*Of this 12,81,40,595 Shares (75.08 %) are in dematerialised form.

(k) Dematerialisation of shares and Liquidity

Nearly 75% of the equity shares of the Company have been dematerialised as at March 31, 2001. The Company has entered into agreements with both National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) whereby Shareholders have an option to Dematerialise their shares with either of the depositories.

(l) Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity

Not Applicable

(m) Location and time of General Meetings held in last three years

Year	AGM /EGM	Location	Date	Time
1999-2000	AGM	Nehru Centre Auditorium, Discovery of India Bldg, Dr Annie Besant Road, Mumbai 400018	July 19, 2000	3.45 p.m.
1998-1999	AGM	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400020	July 7, 1999	3.45 pm
	EGM	-do-	January 7, 1999	10.00 am
1997-1998	AGM	-do-	August 25, 1998	3.45 pm

The Resolutions passed at the aforesaid Meetings were put to vote by show of hands. All resolutions were passed either unanimously or with the requisite majority. Presently the Company does not have any proposal for postal ballots.

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(n) Financial Calendar

Board Meeting for consideration of Accounts for the year ended March 31, 2001 and recommendation of dividend.	April 30, 2001
Posting of Annual Reports	On or before June 15, 2001
Book Closure Dates	June 30, 2001 till July 12, 2001 (both days inclusive)
Last date for receipt of Proxy Forms	July 10, 2001 before 3.45 p.m.
Date, Time & Venue of the 65th Annual General Meeting	**July 12, 2001 at 3.45 p.m. Birla Matushri Sabhagar, 19 Sir Vithaldas Thackersey Marg Mumbai 400 020**
Dividend payment date	August 1, 2001
Probable date of despatch of Warrants	Around July 26, 2001
Board Meeting for consideration of unaudited results for the first three quarters of the current financial year, viz., April 1, 2001 to March 31, 2002	Within one month from the end of the quarter as stipulated under the Listing Agreement with the Stock Exchange
Audited results for the current Financial Year ending March 31, 2002	Within three months from the end of the last quarter as stipulated under the Listing Agreement with the Stock Exchange

For and on behalf of the Board,

Tarun Das
Chairman

Mumbai: May 25, 2001

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Members,
The Associated Cement Companies Limited.

We have examined the compliance of conditions of Corporate Governance by The Associated Cement Companies Limited, for the year ended March 31, 2001, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Goverance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investor grievances remaining unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For K. S. Aiyar & Co.
Chartered Accountants

Raghuvir M Aiyar
Partner

For A. F. Ferguson & Co.
Chartered Accountants

B. P. Shroff
Partner

Mumbai: May 25, 2001

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Highlights

	2000-01	1999-00
	Rupees Crore	*Rupees Crore*
Gross Revenue	3,031.76	*2,760.42*
Profit/(Loss) before tax and exceptional items	94.13	*(58.85)*
Profit/(Loss) after tax and exceptional items	47.48	*(58.85)*
Dividend	37.62	*19.10*
Capital Employed	2,794.82	*2,527.70*
Net Worth	1,075.86	*1,040.36*
Borrowings	1,657.17	*1,444.10*
Debt : Equity Ratio	1.60	*1.43*
Book Value per Share at year end	Rs. 63.04	*Rs. 60.96*
Earnings per share	Rs. 2.78	*N.A.*
Dividend per share	Rs. 2.00	*Re. 1.00*
Employee (Numbers)	9,991	*10,275*
Shareholders (Numbers)	148,584	*168,099*

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EQUITY SHARE AND OTHER DATA

	Company's Financial Year		2000-01	1999-00	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92
1	Net Sales per Share	Rs	178	165@	2011	1814	1845	2829	2478	2331	1995	2594
2	Earnings per Share	Rs	2.78##	N.A	41.60##	9.81	62.00#	273.96#	184.29#	72.76*	88.80	246.48*
3	Earning - Price Ratio	%	2.06	N.A	2.93	0.68	3.97	7.69	4.56	2.19	3.51	3.20
4	Dividend	%	20	10	15	15	30	70	50	30	30	30
5	Yield	%	1.48	0.75@	1.06	1.03	1.92	1.96	1.24	0.90	1.19	0.39
6	Debt - Equity Ratio		1.60	1.43	1.46	1.55	0.94	0.68	1.26	1.70	1.50	1.06
7	Current Ratio		1.55	1.56	1.77	1.92	1.66	1.60	1.42	1.50	1.78	1.70
8	Book Value per Share	Rs	63.04	60.96@	716.74	698.18	730.96	1100.50	698.24	522.87	474.56	587.35
9	Market Price of Share -											
	(a) High	Rs	200	303@	1846	1725	4225	4225	5020	3890	10500	9200
	(b) Low	Rs	83	126@	797	1010	907	2440	3075	1580	2025	2105

Note : 3 and 5 are calculated based on Average Market Price as at the end of the year.

* Before Consideration of Extraordinary Item.

\# On Weighted Average Basis.

@ In accordance with the resolution passed at the EGM on January 7, 1999, each equity share of Rs 100 each was subdivided into ten equity shares of Rs 10 each in May 1999. During the previous year, the Company had issued and allotted 3,40,42,448 Equity Shares of Rs 10 each by way of Rights Issue at a premium of Rs 45 each.

\## Net of Shares forfeited and after Extraordinary Item.

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CONSOLIDATED STATEMENT OF INCOME

Year	Rated Capacity	Pro-duction	Gross Revenue	Employee Cost	Other Expenses	Depre-ciation	Interest on Borrow-ings	Provision for Taxation	INCOME			Dividends	Retained Profit (10-13)
									Amount (4-5 to 9)	Percentage of Gross Revenue	Per Share		
(1)	(2) Lakh Tonnes	(3) Lakh Tonnes	(4) Rs. Crore	(5) Rs. Crore	(6) Rs. Crore	(7) Rs. Crore	(8) Rs. Crore	(9) Rs. Crore	(10) Rs. Crore	(11) %	(12) Rs.	(13) Rs. Crore	(14) Rs. Crore
1966-67	50	45	56	9	34	4	2	3	4	7.93	18.83	3	1
1967-68	51	46	57	11	34	4	3	1	4	6.35	15.38	3	1
1968-69	57	48	65	11	42	5	3	—	4	5.91	13.41	3	1
1969-70	62	52	77	12	49	5	3	—	8	10.43	28.14	3	5
1970-71	67	55	83	13	55	5	3	2	5	6.34	18.47	3	2
1971-72	67	54	83	14	58	4	3	1	3	3.59	10.52	3	0
1972-73	67	53	85	15	62	4	3	—	1	1.18	3.51	2	-1
1973-74	67	53	92	18	66	4	3	—	1	0.66	2.11	—	1
1974-75	68	58	125	22	87	4	3	2	7	5.21	22.89	4	3
1975-76	68	63	139	23	103	4	4	1	4	2.59	12.65	3	1
1976-77	71	64	146	24	104	4	3	5	6	3.93	20.14	4	2
1977-78	71	65	151	26	107	5	2	4	7	4.86	25.81	4	3
1978-79	71	63	161	30	114	5	3	3	6	3.52	19.89	5	1
1979-80	75	53	170	32	126	6	5	—	1	0.44	2.22	3	-2
1980-81	75	59	209	36	156	7	8	—	2	0.94	5.89	3	-1
1981-82	75	62	356	43	260	10	10	1	32	8.88	95.30	5	27
1982-83	80	65	502	58	362	23	16	3	40	8.01	120.97	7	33
1983-84	87	72	608	66	460	31	30	—	21	3.49	63.79	7	14
1984-85	88	74	709	76	554	31	35	—	13	1.89	40.38	7	6
1985-86	88	79	753	76	603	30	35	—	9	1.14	21.60	7	2
1986-87	88	79	760	79	613	33	35	—	—	0.04	0.83	4	-4
1987-88	85	78	798	88	634	34	35	—	7*	0.86*	13.45*	4	3*
1988-89 @	57	53	554	55	447	24	25	—	3*	0.45*	4.54*	—	3*
1989-90	76	74	991	86	790	40	48	4	23*	2.33*	41.34*	8	15*
1990-91	76	74	1,176	84	876	40	35	20	121*	10.31*	216.76*	17	104*
1991-92	76	77	1,451	85	1,042	43	42	103	136*	9.37*	246.48*	17	119*
1992-93	80	75	1,563	107	1,275	44	57	10	70	4.48	88.80	24	46
1993-94	80	77	1,684	115	1,414	35	63	—	57*	3.38*	72.76*	24	33*
1994-95	95	85	2,122	124	1,728	43	82	1	144	6.80	184.29**	39	105
1995-96	99	89	2,423	152	1,825	63	98	60	225*	9.29*	273.96**	58	167*
1996-97	99	90	2,527	162	2,079	79	118	12	77	3.05	62.00**	45	32
1997-98	101	89	2,485	167	2,098	86	119	2	13	0.52	9.81	23	–10
1998-99	114	91	2,747	178	2,218	104	162	8	77*	2.80*	56.24##	23	54*
1999-00	120	100	2,760	185	2,347	125	162	—	–59	N.A	N.A	19	–78
2000-01	127	102	3,032	171	2,455	141	170	4	91*	3.00*	5.30*	38	53*

* Before Consideration of Extraordinary Item
@ Pertains to 8 months period.
** On Weighted Average Equity.
Net of Shares Forfeited and before Extraordinary Item.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

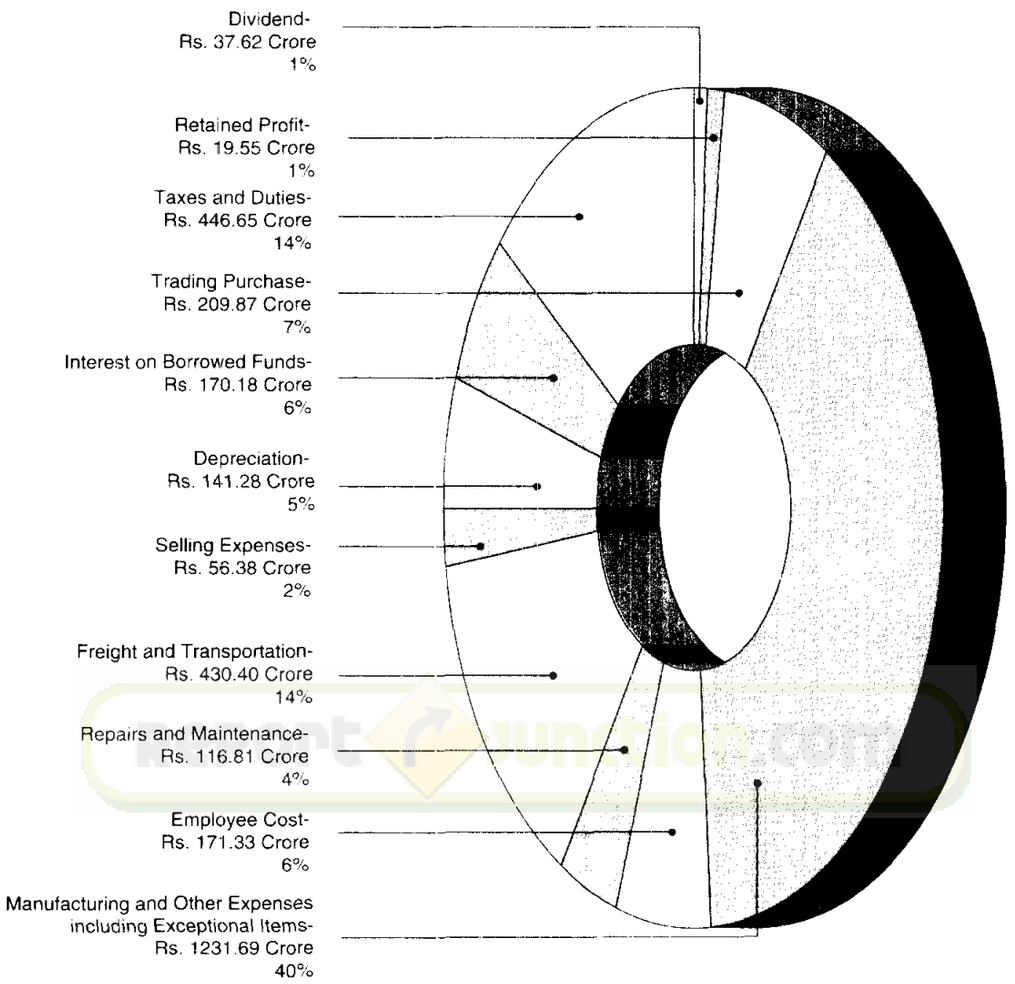
Year	Cash and Securities	WORKING CAPITAL Receivables and Inventories	WORKING CAPITAL Less Current Liabilities	Total (2+3-4)	Net Block	Investment	Other Non-Current Assets	Total Assets Less Current Liabilities (5+6+7+8)	Borrowings	Reserves and Surplus	Share Capital
(1)	(2) Rs. Crore	(3) Rs. Crore	(4) Rs. Crore	(5) Rs. Crore	(6) Rs. Crore	(7) Rs. Crore	(8) Rs. Crore	(9) Rs. Crore	(10) Rs. Crore	(11) Rs. Crore	(12) Rs. Crore
1966-67	—	34	19	15	43	5	2	65	31	10	24
1967-68	1	34	22	13	52	5	2	72	37	11	24
1968-69	2	38	22	18	55	5	1	79	39	12	28
1969-70	1	42	24	19	55	5	1	80	34	18	28
1970-71	1	47	28	20	54	5	1	80	32	20	28
1971-72	1	53	32	22	53	5	1	81	34	19	28
1972-73	1	57	35	23	53	5	2	83	37	18	28
1973-74	1	55	38	18	53	5	2	78	32	18	28
1974-75	1	63	50	14	50	5	6	75	26	21	28
1975-76	1	55	40	16	52	8	4	80	31	21	28
1976-77	3	52	53	2	53	8	4	67	17	22	28
1977-78	4	60	61	3	59	11	2	75	22	25	28
1978-79	2	68	63	7	68	9	2	86	32	26	28
1979-80	1	88	74	15	90	9	2	116	63	20	33
1980-81	2	93	90	5	137	9	1	152	100	19	33
1981-82	6	112	118	—	207	10	1	218	134	51	33
1982-83	3	139	138	4	265	10	—	279	160	86	33
1983-84	6	184	148	42	304	10	1	357	231	93	33
1984-85	12	199	160	51	318	10	1	380	242	105	33
1985-86	6	207	174	39	343	10	1	393	242	111	40
1986-87	13	211	181	43	337	11	2	393	245	107	41
1987-88	8	255	186	77	336	11	3	427	266	105	56
1988-89	12	300	202	110	336	3	5	454	317	81	56
1989-90	30	305	207	128	305	3	5	441	296	89	56
1990-91	30	345	214	161	289	56	3	509	271	182	56
1991-92	42	555	352	245	321	115	2	683	352	275	56
1992-93	60	686	419	327	481	122	1	931	559	294	78
1993-94	81	609	459	231	745	133	—	1,109	699	332	78
1994-95	74	624	493	205	961	184	—	1,350	752	515	83*
1995-96	51	906	597	360	1,089	133	—	1,582	639	858	85
1996-97	51	779	500	330	1,435	181	1	1,947	944	867	137**
1997-98	66	820	462	424	1,827	189	36	2,476	1,483	856	137
1998-99	51	816	488	379	1,895	147	43	2,464	1,438	889	137
1999-00	33	873	581	325	2,036	172	87	2,620	1,487	962	171***
2000-01	28	880	587	321	2,298	182	70	2,871	1,719	981	171

* Includes Share Allotment Money Rs 2.95 Crore
** After issue of Bonus Shares in the ratio of 3:5
*** After issue of Rights Shares in the ratio of 1:4

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How each rupee earned has been spent during 2000-01



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TO THE MEMBERS OF THE ASSOCIATED CEMENT COMPANIES, LIMITED

The Directors hereby present their Sixty-Fifth Annual Report on the business and operations of the Company and the Financial Accounts for the year ended March 31, 2001.

2. FINANCIAL RESULTS

	This year		*Previous year*	
	Rs. Crore	Rs. Crore	*Rs. Crore*	*Rs. Crore*
Sale of products and other income		3,031.76		*2,760.42*
Profit before depreciation, interest, tax and exceptional items		405.59		*227.43*
Depreciation	141.28		*124.51*	
Interest	170.18		*161.77*	
		311.46		*286.28*
Profit/(Loss) before Tax and Exceptional Items		94.13		*(58.85)*
Exceptional Items :				
Write Down of Value of Assets	30.00		—	
Provision for Contingencies	13.00		—	
		43.00		—
Profit / (Loss) after Exceptional Items before Tax		51.13		*(58.85)*
Provision for Taxation		3.65		—
Profit / (Loss) after Taxation and Exceptional Items		47.48		*(58.85)*
Prior year's provision for Taxation written back		9.69		—
Profit/(Loss) before Reserves		57.17		*(58.85)*
Balance brought forward from previous year		2.66		*41.70*
Amount transferred from General Reserve		—		*50.00*
Amount available for appropriations		59.83		*32.85*
Appropriations :				
General Reserve	5.00		—	
Amortisation Reserve	0.09		*0.09*	
Proposed dividend	34.14		*15.65*	
Tax on distributed profits	3.48		*3.45*	
Amount Transferred to Debenture Redemption Reserve	10.00		*11.00*	
		52.71		*30.19*
Balance carried forward to the next year's account		7.12		*2.66*

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3 DIVIDEND

During the year ended March 31, 2001, your Company's working results have improved substantially in view of the management's thrust on cost reduction in all areas of the Company's operations, productivity improvement and improved price realisation. Your Directors therefore recommend dividend payment at the rate of 20% viz. Rs.2 per share of Rs.10 each for the year aggregating to Rs.37.62 crore including tax on dividend as compared to Re.1 per share aggregating to Rs.19.10 crore in the previous year.

4 OPERATIONAL PERFORMANCE

The production and sales of various products have been higher than the previous year. Inspite of the cement industry registering a negative growth of around 1%, the Company's sale of cement increased by 3%.

Divisionwise operational performance for the year ended 31st March 2001 is as under:

4.1 CEMENT

	2000-01	1999-00	Growth %
Clinker Production (Million Tonnes)	8.213	8.206	-
Cement Production (Million Tonnes)	10.205	10.036	2
Sales (Own) (Million Tonnes)	10.235	9.946	3
Sales (Trading) (Million Tonnes)	0.821	0.777	6
Total Sales (Million Tonnes)	11.056	10.723	3
Sales Turnover (Rs. Crore)	2959.03	2701.81	9.5

4.2 REFRACTORY

	2000-01	1999-00	Growth %
Sales (Million Tonnes)	0.119	0.115	3
Sales Turnover (Rs. Crore)	194.25	186.61	4

4.3 READY MIX CONCRETE

	2000-01	1999-00	Growth %
Sales Turnover (Rs. Crore)	91.15	76.18	20

4.4 RESEARCH AND CONSULTANCY DIRECTORATE

	2000-01	1999-00	Growth %
Sales Turnover (Rs. Crore)*	58.14	51.97	12

*Consultancy and Commercial Activity

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5 OVERSEAS OPERATIONS

The Company has been operating and managing for the past 21 years Cement Plants owned by Yanbu Cement Company, Saudi Arabia. The Company has exceeded the guaranteed production as stipulated in the contract for the last eleven consecutive years and the Company has earned the highest bonus of Rs. 1.86 crore during the year.

6 DIVESTMENT

6.1 Your Directors had decided to focus on cement which is the core business of the Company and initiated several steps for divesting some of the unrelated business. Your Directors are pleased to report that a successful beginning has been made in this area with the signing of an agreement in April 2001 with Asahi Glass Company (AGC), Japan to sell our entire equity stake of 13% in Floatglass India Limited (FGIL) to AGC. FGIL has been experiencing grave financial problems over the last several years which had resulted in accumulation of losses resulting in substantial erosion of its net worth. Notwithstanding the same, it is noteworthy that the Company will be able to recover a significant amount of its investment in FGIL by realising Rs. 19.90 crore, leaving a net deficit of Rs. 3 crore which has been provided for in the accounts.

6.2 Apart from the above, the Synthetic Ferric Oxide plant (SFO) whose operations were suspended during the previous year to reduce the continuing losses incurred by the Company was finally closed. While efforts are still on to dispose of the assets, a provision of Rs.30 crore has been made in the books for the estimated losses likely to arise on closing this business.

7 TURNOVER AND PROFITS

Overall income for the year 2000-01 was Rs.3031.76 crore as compared to Rs.2760.42 crore in the previous year. Profit before depreciation, interest, tax and exceptional items is Rs.405.59 crore as against Rs.227.43 crore in the previous year. Profit for the year after providing for depreciation and interest but before tax and exceptional items was Rs.94.13 crore as compared to loss of Rs.58.85 crore in the previous year. The Company has thought it prudent to provide for exceptional items aggregating to Rs. 43 crore, comprising of Rs. 30 crore on account of closing down of SFO business and an additional amount of Rs. 13 crore (net) for its investment in ACC - Nihon Castings Ltd., its subsidiary. The net profit after exceptional items and tax for the year is Rs.47.48 crore as against the loss of Rs.58.85 crore in the previous year. Depreciation and Interest was higher on account of the full year's impact of commissioning of the 25 MW power plants at Kymore and Jamul and other capacity augmentation carried out at Chanda, Madukkarai and Gagal.

8 NEW PROJECTS/EXPANSION

8.1 Various projects for improvement in capacity and modernisation were completed during the year at Chanda, Madukkarai and Gagal aggregating to 0.7 MTPA.

8.2 The new cement plant at Wadi of 2.6 MTPA which has the largest kiln in the country has been commissioned for trial production.

With the commissioning of this plant, the aggregate installed capacity of the Company is 15.3 million tonnes.

8.3 Construction of 15 MW Thermal Power Plant at Chanda Cement Works is progressing satisfactorily and will be completed as per schedule. It is also planned to have a similar Thermal Power Plant with 15 MW capacity at Madukkarai, work for which will be taken up during the current year.

9. OUTLOOK

The management intends to continue in its endeavours in bringing down costs, increasing throughput, removing operational imbalances by debottlenecking and further strengthening the distribution network. This, along with its focus on its cement activity, and divestment of non-cement businesses in due course will have a favourable impact on the Company's cost structure and efficiency of operations. It also believes that, with the initiatives proposed by government in the area of infrastructure development including national highway projects and rural roads, as also the fillip

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sought to be given to housing, the medium and long term demand for cement will be robust. Consequently, the outlook for the industry remains positive, despite the temporary aberrations that may creep in, as is being experienced currently.

10 SHARE CAPITAL

Employees' Stock Option Scheme :

In accordance with the Resolution passed by the shareholders at the Annual General Meeting held on July 19, 2000, the Compensation Committee of the Board has granted 904250 options (each option being equal to one share) under Employees' Stock Option Scheme for the year 2000-01. Your Board is of the opinion that granting of employee stock options should be an annual feature in order to motivate the employees to attain highest levels of performance on a sustained basis. Accordingly it is proposed to grant employee stock options not exceeding 15,00,000 Equity Shares i.e. about 0.9% of the Subscribed Equity Share Capital during the year ending March 31, 2002 to such of the employees of the Company as may be determined by the Compensation Committee of Directors. The Resolutions proposed as Items 12 and 13 of the Notice are accordingly commended to the Members.

Details of Employees' Stock Option Scheme as required under SEBI guidelines are set out in Annexure 'C' to the Directors' Report.

11 PERSONNEL

During the year under review, industrial relations at all units of the Company continued to be cordial and peaceful.

12 FIXED DEPOSITS

As at March 31, 2001 the total amount of fixed deposits held by the Company was Rs.63.15 crore. There are no overdue deposits except unclaimed deposits amounting to Rs. 1.15 crore as at March 31, 2001 out of which deposits amounting to Rs. 0.32 crore have been refunded upto April 30, 2001.

13 SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts, along with the report of the Board of Directors relating to the Company's subsidiaries, ACC Machinery Company Limited., The Cement Marketing Company of India Ltd., ACC Nihon Castings Limited., Bulk Cement Corporation (India) Ltd. and Damodhar Cement and Slag Ltd. and the respective Auditors' Report thereon for the year ended March 31, 2001, are annexed.

14 PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are set out in Annexure 'A' to the Directors' Report.

15 PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended regarding employees is given in Annexure 'B' to the Directors' Report.

16 COST AUDIT

As per the Government's directive, the Company's Cost Records in respect of Cement for the year ended March 31, 2001 are being audited by Cost Auditors, M/s.N.I.Mehta & Co., who were appointed by the Board with the approval of the Central Government.

17 MANAGEMENT

17.1 The remuneration payable to Managing/ Wholetime Directors in the event of absence or inadequacy of profits in any financial year would have to be limited to the amounts specified in Schedule XIII to the Companies Act, 1956. During the financial year ended March 31, 2000, on account of inadequacy of profits as computed under the Companies Act, 1956, the remuneration paid to Mr. T.M.M. Nambiar,

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Dr. A.K. Chatterjee, Mr. M.L. Narula and Mr. P.K. Sinor as per their respective Agreements was in excess of the limits prescribed under the aforesaid Schedule. The Shareholders had at the last Annual General Meeting approved the payment and retention of the said excess remuneration by the abovementioned Directors. An application was thereafter made to the Department of Company Affairs in this regard which accorded its approval to the retention by the aforesaid Directors of their agreed remuneration.

17.2 The Board of Directors has reappointed Mr. T.M.M. Nambiar as Managing Director of the Company with effect from April 1, 2001 till May 31, 2002. The Board has also reappointed Dr. A.K. Chatterjee and Mr M.L. Narula as Wholetime Directors for a period of two years with effect from April 1, 2001.

17.3 In accordance with the provisions of the Companies Act, 1956, shareholders' approval is being requested to the terms of reappointment and remuneration payable to the Managing Director and Wholetime Directors as detailed in Resolutions at Items 8 to 10 of the Notice.

17.4 In view of the rationalisation of the remuneration structure for Managing/Wholetime Directors it is proposed that with effect from April 1, 2001, the remuneration payable to Mr. P. K. Sinor, Wholetime Director (whose current tenure of appointment is till 3rd August 2002) be also revised and brought in line with that payable to the other Wholetime Directors. The Resolution pertaining to the revision in the remuneration is set out at Item 11 of the Notice and the relative Explanatory Statement. The Resolution is commended to the Members for their acceptance.

18 DIRECTORS

18.1 Mr. N. A. Palkhivala, who retires by rotation at this Annual General Meeting is not seeking re-election on health grounds. It is proposed not to fill up this vacancy and accordingly the requisite resolution in this behalf has been included as Item 3 of the Notice.

Mr. Palkhivala was appointed as a Director of the Company on March 28, 1968 and was Chairman of the Board of Directors from January 1, 1969 till September 3, 1997 (excluding his tenure as Ambassador to USA from September 24, 1977 to July 26, 1979). The Board has placed on record its admiration for Mr. Palkhivala's many splendoured achievements and expressed its deep gratitude to him for his outstanding contribution to ACC for over 33 years. Mr. Palkhivala inspired and motivated his colleagues on the Board and the Management team and strengthened ACC's culture and ethos. He will however continue as Chairman Emeritus for life as was decided by the Board in recognition of his outstanding contribution and as conveyed to the Members at the time of his relinquishing the Chairmanship.

18.2 Mr. J. N. Godbole , who was a nominee Director of Industrial Development Bank of India (IDBI) on the Board has ceased to be a Director of the Company with effect from May 15, 2001. The Board of Directors has placed on record its warm appreciation of the valuable services rendered by Mr Godbole during his tenure as Director from January 27, 1997.

18.3 Mr. K. Jayabharath Reddy who was nominated by the Government of Andhra Pradesh as a Special Director, has ceased to be a Director of the Company with effect from January 23, 2001. The Board of Directors have placed on record its warm appreciation of the valuable services rendered by Mr. Jayabharath Reddy during his tenure of office since November 7, 1994.

18.4 The Government of Andhra Pradesh has nominated Mr. P. V. Rao, IAS, Chief Secretary to the Government of Andhra Pradesh as a Special Director with effect from January 23, 2001, in place of Mr Reddy.

18.5 In accordance with the provisions of the Companies Act 1956, and the Company's Articles of Association, Mr. P. K. Mistry, Mr P. J. Jagus and Mr O. P. Dubey retire by rotation and are eligible for reappointment. As required, the details concerning the Directors are included in the Corporate Governance Report.

19 DIRECTOR'S RESPONSIBILITY

Pursuant to Section 217 (2AA) of the Companies Act, 2000 the Directors confirm that:

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(i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2001 and of the profit of the company for the said period;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis.

20 CORPORATE GOVERNANCE

Your Company and its Board is committed to achieving the highest standards of Corporate Governance. The Corporate Governance practices followed by the Company are indicated separately in the Annexure forming part of this Report.

A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the listing Agreement is also attached.

21 AUDITORS

The Shareholders are requested to appoint Auditors for the current year on a remuneration to be fixed by the Board of Directors as per Item 7 of the Notice. M/s.A.F.Ferguson & Co., Mumbai and M/s.K.S.Aiyar & Co., Mumbai, the existing Auditors have, under Section 224(1B) of the Companies Act, 1956 furnished certificates of their eligibility for the appointments.

22 ACKNOWLEDGEMENT

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from the Central Government, the State Governments, and the Consortium of Financial Institutions and Commercial Banks. Your Directors also thank all the employees of the Company for their valuable service and support during the year.

For and on behalf of the Board,

TARUN DAS
CHAIRMAN

Mumbai : May 25, 2001

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AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of THE ASSOCIATED CEMENT COMPANIES, LIMITED as at March 31, 2001 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and report that :—

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the Annexure referred to in paragraph 1 above:

 (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

 (b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;

 (c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;

 (d) in our opinion, the Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956;

 (e) on the basis of the written representations received from the directors, other than Mr. J. N. Godbole, (Financial Institutions' nominee) and taken on record by the Board of Directors, we report that none of the said directors is disqualified as on March 31, 2001 from being appointed as directors in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956. Mr. J. N. Godbole has advised that the provisions of Section 274 relating to disqualification of directors are not attracted in his case, in view of the provisions contained in Section 30A(1) of the IDBI Act;

 (f) in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:

 1. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2001; and

 2. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For K. S. AIYAR & CO.
Chartered Accountants

RAGHUVIR M. AIYAR
Partner

For A. F. FERGUSON & CO.
Chartered Accountants

B. P. SHROFF
Partner

Mumbai: April 30, 2001

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A URE TO THE AUDITORS' REPORT
(F d to in paragraph 1 of our Report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. A substantial portion of the fixed assets has been physically verified by the management during the year and in our opinion the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.

2. None of the fixed assets has been revalued during the year.

3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

5. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.

7. In our opinion, the Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, where the rate of interest or the terms and conditions are prima facie prejudicial to the interests of the Company. In view of the provisions of Section 370 of the Companies Act, 1956 not being applicable vide the Companies (Amendment) Act, 1999 loans from companies under the same management, if any, have not been commented upon.

8. In respect of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, the rate of interest and terms and conditions are not prima facie prejudicial to the interests of the Company. In view of the provisions of Section 370 of the Companies Act, 1956 not being applicable vide the Companies (Amendment) Act, 1999 loans to companies under the same management, if any, have not been commented upon.

9. In respect of loans and advances in the nature of loans given by the Company, where stipulations have been made, parties are repaying the principal amounts and have been regular in the payment of interest, as stipulated or according to the amendments thereto.

10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods *after strengthening of certain controls at the New Guwahati Area office as indicated in Note 18 Schedule "O" of the accounts.*

11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act,1956 and aggregating during the year Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.

12. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.

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13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.

14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company does not have any realisable by-products.

15. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

16. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

17. According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited during the year with the appropriate authorities except at certain locations where we are informed that the Company has applied for exemption from the operations of the Employees' State Insurance Act.

18. According to the information and explanations given to us, there were no undisputed amounts payable in respect of income-tax, wealth-tax, sales tax, customs duty and excise duty outstanding as at March 31, 2001 for a period of more than six months from the date on which they became payable.

19. According to the information and explanations given to us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.

20. The Company is not a sick industrial company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.

21. In respect of the service activities, in our opinion and according to the information and explanations given to us— (i) the Company has a reasonable system of recording receipts, issues and consumption of materials and stores commensurate with the size and nature of its service activities and the system provides for a reasonable allocation of the materials and labour consumed to the relative jobs; and (ii) there is a reasonable system of authorisation at proper levels with necessary control on the issue of stores and allocation of stores and labour to jobs and there is a system of internal control commensurate with the size of the Company and the nature of its service activities.

22. As explained to us, in respect of trading activity, the Company has a regular procedure for determination of damaged goods. Adequate provision has been made in the accounts for the loss arising on the goods so determined, which is not significant.

For K. S. AIYAR & CO.
Chartered Accountants

RAGHUVIR M. AIYAR
Partner

For A. F. FERGUSON & CO.
Chartered Accountants

B. P. SHROFF
Partner

Mumbai: April 30, 2001

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BALANCE SHEET AS AT MARCH 31, 2001

	Schedules	Page Nos.	Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
I. SOURCES OF FUNDS:					
1. SHAREHOLDERS' FUNDS					
(a) Share Capital	A	15		170.88	*170.88*
(b) Reserves and Surplus	B	16		980.86	*961.96*
				1,151.74	*1,132.84*
2. LOAN FUNDS					
(a) Secured Loans	C	17 & 18	1,171.48		*1,028.71*
(b) Unsecured Loans	D	18	485.69		*415.39*
				1,657.17	*1,444.10*
3. STOCKISTS' DEPOSITS (UNSECURED)				61.79	*43.24*
4. TOTAL FUNDS				2,870.70	*2,620.18*
II. APPLICATION OF FUNDS:					
1. FIXED ASSETS	E	19			
(a) Gross Block			2,815.03		*2,693.39*
(b) Less — Depreciation			947.52		*820.25*
(c) Net Block			1,867.51		*1,873.14*
(d) Capital Work in Progress, etc.			430.72		*162.97*
				2,298.23	*2,036.11*
2. INVESTMENTS	F	20 & 21		181.48	*172.21*
3. CURRENT ASSETS, LOANS AND ADVANCES					
(a) Inventories	G	22	312.80		*293.99*
(b) Sundry Debtors	H	23	247.63		*257.45*
(c) Cash and Bank Balances	I	24	27.95		*32.78*
(d) Other Current Assets	J	24	12.81		*5.57*
(e) Loans and Advances	K	25	306.29		*315.97*
			907.48		*905.76*
4. LESS — CURRENT LIABILITIES AND PROVISIONS					
(a) Sundry Liabilities	L	26	503.36		*527.56*
(b) Provisions	M	26	83.18		*53.54*
			586.54		*581.10*
5. NET CURRENT ASSETS				320.94	*324.66*
6. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	N	26		70.05	*87.20*
7. TOTAL ASSETS (NET)				2,870.70	*2,620.18*
8. NOTES ON ACCOUNTS	O	27 to 33			

Per our report attached

For A. F. FERGUSON & CO.
Chartered Accountants
B. P. SHROFF
Partner

For K. S. AIYAR & CO.
Chartered Accountants
RAGHUVIR M. AIYAR
Partner

Mumbai: April 30, 2001.

For and on behalf of the Board.

T.M.M. NAMBIAR
Managing Director

P. K. SINOR
Whole-time Director &
Company Secretary

N. H. ITALIA
President Finance

A. K. CHATTERJEE
M. L. NARULA
Whole-time Directors

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2001

	Schedules	Page Nos.	Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
INCOME:					
1. SALE OF PRODUCTS AND OTHER INCOME	1	12		3,031.76	*2,760.42*
EXPENDITURE:					
2. MANUFACTURING AND OTHER EXPENSES	2	13 & 14	2,626.17		*2,532.99*
3. DEPRECIATION			141.28		*124.51*
4. INTEREST	3	14	170.18		*161.77*
				2,937.63	*2,819.27*
PROFIT/(LOSS) BEFORE TAXATION AND EXCEPTIONAL ITEMS				94.13	*(58.85)*
EXCEPTIONAL ITEMS					
5. WRITE DOWN OF VALUE OF ASSETS (See Note - 9, Page 30)				(30.00)	—
6. PROVISION FOR CONTINGENCIES (See Note - 8(b), Page 30)				(13.00)	—
PROFIT/(LOSS) AFTER EXCEPTIONAL ITEMS BEFORE TAX				51.13	*(58.85)*
7. PROVISION FOR TAXATION				(3.65)	—
PROFIT/(LOSS) AFTER TAXATION AND EXCEPTIONAL ITEMS				47.48	(58.85)
8. PRIOR YEAR'S PROVISION FOR TAXATION WRITTEN BACK				9.69	—
				57.17	*(58.85)*
9. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR				2.66	*41.70*
10. AMOUNT TRANSFERRED FROM GENERAL RESERVE				—	*50.00*
AMOUNT AVAILABLE FOR APPROPRIATION				59.83	*32.85*
APPROPRIATIONS:					
11. GENERAL RESERVE			5.00		—
12. AMORTISATION RESERVE			0.09		*0.09*
13. PROPOSED DIVIDEND			34.14		*15.65*
14. TAX ON DISTRIBUTED PROFITS			3.48		*3.45*
15. TRANSFERRED TO DEBENTURE REDEMPTION RESERVE			10.00		*11.00*
				52.71	*30.19*
BALANCE CARRIED TO BALANCE SHEET				7.12	*2.66*
16. NOTES ON ACCOUNTS	O	27 to 33			

Per our report attached to the Balance Sheet

For A. F. FERGUSON & CO.
Chartered Accountants
B. P. SHROFF
Partner

For K. S. AIYAR & CO.
Chartered Accountants
RAGHUVIR M. AIYAR
Partner

Mumbai: April 30, 2001.

For and on behalf of the Board,

T.M.M. NAMBIAR
Managing Director

P. K. SINOR
Whole-time Director &
Company Secretary

N. H. ITALIA
President Finance

A. K. CHATTERJEE
M. L. NARULA
Whole-time Directors

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SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE — 1, SALE OF PRODUCTS AND OTHER INCOME

Item 1, page 11.

	For the year ended March 31, 2001 Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
1. SALE OF PRODUCTS AND SERVICES (See Note 20(A), Page 31)		2,959.03	*2,701.81*
2. DIVIDEND AND INTEREST (GROSS)			
(a) Income from Long Term Investments			
(i) Trade	0.14		*1.12*
(ii) Others (includes Rs. 0.40 Crore — *Previous Year Rs. 0.24 Crore* — on Current Investments)	0.61		*1.09*
	0.75		*2.21*
(b) Bank and Other Interest (inclusive of tax deducted at source Rs. 0.47 Crore — *Previous Year Rs. 0.20 Crore*)	9.99		*3.30*
		10.74	*5.51*
3. OTHER INCOME			
(a) Sale of Stores, Materials, etc.	8.71		*7.90*
(b) Excess Provisions made in Previous Years	19.35		*3.43*
(c) *Profit on Sale of Investments* (includes Rs. Nil on Sale of Long Term Investments — *Previous Year Rs. 14.57 Crore*)	—		*14.57*
(d) Lease Rental Income	8.57		*8.67*
(e) Profit on Sale of Fixed Assets	4.81		*0.11*
(f) Miscellaneous Income	20.55		*18.42*
		61.99	*53.10*
TOTAL		3,031.76	*2,760.42*

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SCHEDULE — 2, MANUFACTURING AND OTHER EXPENSES

Item 2, page 11.

	For the year ended March 31, 2001		*Previous Year*
	Rs. Crore	Rs. Crore	*Rs. Crore*
1. PURCHASE OF CEMENT AND OTHER PRODUCTS		209.87	*182.76*
2. RAW MATERIALS, BOUGHT-OUTS, COAL AND OIL FOR KILNS (See Note - 16, Page 31)		631.43	*617.43*
3. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			
(a) Salaries, Wages, Dearness Allowance and Bonus	131.46		*141.28*
(b) Contributions to Provident and Other Funds	22.70		*28.00*
(c) Workmen and Staff Welfare Expenses	17.17		*15.89*
		171.33	*185.17*
4. PACKING MATERIALS		91.51	*87.94*
5. OPERATION AND OTHER EXPENSES			
(a) Stores Consumed (See Note - 17, Page 31)	18.87		*19.01*
(b) Purchased Power and Fuel for Power Generation	309.12		*350.88*
(c) Repairs to Building	2.52		*3.04*
(d) Repairs to Machinery	83.18		*85.52*
(e) Repairs to Other Items	22.64		*24.99*
(f) Rent (after recoveries of Rs. 0.02 Crore — *Previous Year Rs. 0.01 Crore*)	5.36		*5.26*
(g) Rates and Taxes (includes Wealth Tax Rs. 0.80 Crore — *Previous Year Rs. 0.80 Crore*)	27.89		*27.05*
(h) Royalties	42.14		*37.43*
(i) Insurance	8.47		*8.23*
(j) Loading, Transportation and Other Charges	63.12		*64.96*
(k) Discount, Rebates and Allowances	32.62		*26.54*
(l) Commission on Sales	6.50		*6.00*
(m) Other Expenses	109.13		*94.65*
(n) Advertisement Charges	17.26		*13.22*
	748.82		*766.78*
(o) Prorata premium on Redemption of Debentures	—		*0.07*
Equity Share Issue Expenses	0.10		*2.41*
Debenture Issue Expenses	0.73		*0.01*
	0.83		*2.49*
Less: Amount adjusted against Share Premium Account	0.83		*2.49*
		748.82	*766.78*
6. OUTWARD FREIGHT CHARGES ON CEMENT ETC.		367.28	*348.68*
7. EXCISE DUTIES		382.66	*378.42*
8. PAYMENT TO AUDITORS			
(a) Audit Fees	0.48		*0.40*
(b) Fees for Taxation Matters (includes Tax Audit Rs. 0.11 Crore — *Previous Year Rs. 0.14 Crore*)	0.16		*0.18*
(c) Fees for Other Services (excluding Rs. Nil included in Item 5(o) above — *Previous Year — 0.04 Crore*)	0.10		*0.05*
(d) Reimbursement of Expenses (includes fees Rs. 0.01 Crore — *Previous Year Rs. 0.01 Crore* and expenses Rs. - Crore for Cost Audit — *Previous Year Rs. - Crore*)	0.05		*0.10*
		0.79	*0.73*
Total Carried Over		2,603.69	*2,567.91*

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SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE — 2, MANUFACTURING AND OTHER EXPENSES — *(Contd.)*

	For the year ended March 31, 2001 Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
Total Brought Over . .		2,603.69	*2,567.91*
9. MISCELLANEOUS EXPENDITURE WRITTEN OFF			
(a) Compensation under voluntary retirement schemes (See Note - 7. Page 29)	24.75		*14.66*
(b) Cost of assets not owned by the company	2.12		*1.79*
		26.87	*16.45*
10. NET VALUE OF DISCARDED CAPITAL ASSETS AND COST OF DISMANTLING		2.05	*1.08*
11. REDUCTION/(ACCRETION) TO STOCK-IN-TRADE AND WORK-IN-PROGRESS ADDED/(DEDUCTED):–			
(a) Closing Stocks —			
(i) Stock-in-Trade	62.02		*70.46*
(ii) Work-in-Progress	78.68		*63.80*
	140.70		*134.26*
(b) Opening Stocks —			
(i) Stock-in-Trade	70.46		*44.99*
(ii) Work-in-Progress	63.80		*36.82*
	134.26		*81.81*
		(6.44)	*(52.45)*
TOTAL . .		2,626.17	*2,532.99*

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SCHEDULE — 3, INTEREST

Item 4, page 11.

	For the year ended March 31, 2001 Rs. Crore	*Previous Year Rs. Crore*
1. Cash Credit Accounts	45.47	*41.42*
2. Fixed and Call deposits	11.28	*13.65*
3. Term Loans*	57.26	*54.11*
4. Debentures*	48.11	*46.82*
5. Others*	8.06	*5.77*
* (Net of Interest Capitalised Rs. 29.50 Crore — *Previous Year Rs. 16.29 Crore*)		
TOTAL . .	170.18	*161.77*

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SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE — A, SHARE CAPITAL
Item I-1(a), page 10.

		As at March 31, 2001 Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
1.	AUTHORISED —			
22,50,00,000	Equity Shares of Rs. 10 each	225.00		*225.00*
10,00,00,000	Preference Shares of Rs. 10 each	100.00		*100.00*
			325.00	*325.00*
2.	ISSUED —			
17,17,27,525	Equity Shares of Rs. 10 each		171.72	*171.72*
3.	SUBSCRIBED —			
7,26,50,576	Equity Shares of Rs. 10 each, fully paid (*Previous Year — 7,26,46,028 Shares of Rs. 10 each*)	72.65		*72.64*
	Add : 3,84,060 Equity Shares of Rs. 10 each Forfeited — Amount Paid (*Previous Year 3,84,110 Equity Shares of Rs. 10 each of which, during the year there is an annulment in respect of 50 shares*)	0.20		*0.21*
			72.85	*72.85*
60,72,640	Equity Shares of Rs. 10 each, fully paid for consideration other than cash pursuant to contracts		6.07	*6.07*
9,19,52,080	Equity Shares of Rs. 10 each, fully paid by way of Bonus Shares			
	By utilisation of —			
	Share Premium Account	54.27		*54.27*
	Capital Reserve	0.50		*0.50*
	Plant Reinstatement Reserve	1.69		*1.69*
	Development and Rehabilitation Reserve	0.27		*0.27*
	General Reserve	35.23		*35.23*
			91.96	*91.96*
	TOTAL . .		170.88	*170.88*

The Company has outstanding options of 8,63,600 as of March 31, 2001 The option is exercisable at Rs. 108 per share between November 08, 2001 to November 07, 2005.

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SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE — B, RESERVES AND SURPLUS
Item I-1(b), page10.

	As at March 31, 2001 Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
1. CAPITAL RESERVE	0.15		*0.15*
Add — Received during the year	0.16		—
		0.31	*0.15*
2. SHARE PREMIUM	367.73		*217.04*
Add — Received during the year	0.02		*153.18*
	367.75		*370.22*
Less — Amount utilised towards prorata Premium on Redemption of Debenture and Issue Expenses of Shares and Debentures (Refer Sch 2, Item 5(o), Page 13)	0.83		*2.49*
	0.83		*2.49*
		366.92	*367.73*
3. GENERAL RESERVE	441.81		*485.21*
Add — Amount transferred from Investment allowance Reserve	—		*6.60*
Amount transferred from Profit and Loss Account	5.00		—
	446.81		*491.81*
Less —Amount transferred to Profit and Loss Appropriation	—		*50.00*
		446.81	*441.81*
4. INVESTMENT ALLOWANCE RESERVE	54.00		*60.60*
Less —Amount transferred to General Reserve	—		*6.60*
		54.00	*54.00*
5. DEBENTURE REDEMPTION RESERVE	91.63		*80.63*
Add — Amount transferred from Profit and Loss Account	10.00		*11.00*
		101.63	*91.63*
6. AMORTISATION RESERVE	3.98		*3.89*
Add — Amount transferred from Profit and Loss Account	0.09		*0.09*
		4.07	*3.98*
7. PROFIT AND LOSS ACCOUNT		7.12	*2.66*
TOTAL . .		980.86	*961.96*

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SCHEDULE — C, SECURED LOANS

Item I-2(a), page 10.

	As at March 31, 2001 Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
1. 13.75% SECURED PRIVATELY PLACED NON-CONVERTIBLE DEBENTURES — Secured by way of a mortgage on certain immovable properties and hypothecation of all movable assets except book debts under the Debenture Trust Deed dated December 24, 1996. The Company exercised its option to prematurely redeem the Debentures after two years from the date of allotment.These Debentures were re-issued vide Supplemental Debenture Trust Deed dated September 22, 1998 reducing the rate of interest from 16.75% per annum to 13.75% per annum. These Debentures are to be redeemed at par on December 29, 2000	50.00		*50.00*
Less — Redeemed during the year	50.00		—
		—	*50.00*
2. 14.50% PRIVATELY PLACED SECURED NON-CONVERTIBLE DEBENTURES — Secured by way of a mortgage on certain immovable properties and hypothecation of all movable assets except book debts under the Debenture Trust Deed dated September 1, 1997. These Debentures are to be redeemed at par on the expiry of the 5th year from the date of allotment i.e. on June 10, 2002		100.00	*100.00*
3. SERIES II AND SERIES III PRIVATELY PLACED SECURED NON-CONVERTIBLE DEBENTURES — Secured by way of a mortgage on certain immovable properties and hypothecation of all movable assets except book debts under Debenture Trust Deed dated April 30, 1998 . These Debentures are to be redeemed at par on the expiry of the 7th year from the respective dates of allotment i.e. on January 13, 2005 and on March 18, 2005. The Company / Debentureholders have the right to exercise Call / Put option at par on the expiry of 5th year from the respective dates of allotment i.e. on January 13, 2003 and on March 18, 2003, by giving a notice period of one month		100.00	*100.00*
4. 14% SERIES IV PRIVATELY PLACED SECURED NON-CONVERTIBLE DEBENTURES — Secured by way of a mortgage on certain immovable properties and hypothecation of all movable assets except book debts under Debenture Trust Deed dated February 26, 1999. These Debentures are to be redeemed at par on the expiry of the 7th year from the date of allotment i.e. on December 15, 2005. The Company/Debentureholders have the right to exercise Call/Put option at par on the expiry of 5th Year from the date of allotment i.e. on December 15, 2003 by giving a notice period of one month		100.00	*100.00*
5. 11.50% SERIES V PRIVATELY PLACED SECURED NON-CONVERTIBLE DEBENTURES — Secured by way of mortgage on certain immovable properties and hypothecation of all movable assets except book debts under Debenture Trust Deed dated October 31, 2000. These debentures are to be redeemed at par on the expiry of the 7th year from the date of allotment ie May 25, 2007		100.00	—
6. 12% SERIES VI PRIVATELY PLACED SECURED NON-CONVERTIBLE DEBENTURES — Secured by way of mortgage on certain immovable properties and hypothecation of all movable assets except book debts under Debenture Trust Deed dated October 31, 2000. These debentures are to be redeemed at par on the expiry of the 5th year from the date of allotment i.e. July 24, 2005		100.00	—
7. 11.95% SERIES VII PRIVATELY PLACED SECURED NON-CONVERTIBLE DEBENTURES — To be Secured by way of mortgage on certain immovable properties and hypothecation of all movable assets except book debts.These debentures are to be redeemed at par on the expiry of the 5th year from the date of allotment ie February 7, 2006		50.00	—
8. AMOUNTS DRAWN AGAINST CASH CREDIT ACCOUNTS WITH BANKS — (including Working Capital Demand Loan) Secured by hypothecation of Stocks, Stores, Book Debts, etc.		65.61	*163.78*
Total Carried Over . .		615.61	*513.78*

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SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE — C, SECURED LOANS — *(Contd.)*
Item I-2(a), page 10.

	As at March 31, 2001 Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
Total Brought Over . .		615.61	*513.78*
9. RUPEE LOANS —			
(a) Secured by a Joint Equitable Mortgage on certain immovable properties and hypothecation of all movable assets except book debts —			
(i) Financial Institutions	100.00		*155.30*
(ii) Banks	220.00		*100.00*
	320.00		*255.30*
(b) Secured by a joint equitable mortgage on certain immovable properties — Housing Development Finance Corporation Ltd.	5.38		*7.57*
(c) Secured by a Mortgage on certain immovable properties— Housing Development Finance Corporation Ltd.	15.00		*15.00*
(d) Secured by exclusive first charge by way of hypothecation of the specified machinery and equipment and other movable assets except book debts— Banks	8.33		*16.67*
(e) Secured by second *pari-passu* charge on certain immovable properties— Bank	—		*16.68*
		348.71	*311.22*
10. FOREIGN CURRENCY LOANS —			
(a) Secured by exclusive first charge by way of hypothecation of the specified machinery and equipment — Banks	—		*10.82*
(b) Secured by *pari-passu* charge by way of hypothecation of all movable assets — Banks	207.16		*192.89*
		207.16	*203.71*
TOTAL . .		1,171.48	*1,028.71*

Notes :— 1. The mortgages/charges indicated in 2, 3 4, 5, 6, 7,9 (a and b) and 10(b) above are to rank *pari-passu inter se* and are subject to —

(a) the prior charges in favour of Company's Bankers on specified movable assets for securing working capital requirements/ guarantee facilities; and

(b) the exclusive first charges in terms of Foreign Currency Term Loan from Bank of America and Rupee Term Loans from Risk Capital and Technology Finance Corporation Ltd., IDBI, ANZ Grindlays Bank, Hong Kong & Shanghai Banking Corporation.

2. In respect of Rupee Loan indicated in Item 9(a) (i) above, the creation of joint equitable mortgage is pending for the Current Year.

SCHEDULE — D, UNSECURED LOANS
Item I-2(b), page 10.

	As at March 31, 2001 Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
1. FIXED DEPOSITS (Repayable within a year — Rs. 12.61 Crore — *Previous Year — Rs. 28.55 Crore)*		63.15	*67.35*
2. COMMERCIAL PAPER (Maximum balance during the year Rs. 400 Crore — *Previous Year Rs. 300 Crore*)		400.00	*300.00*
3. LONG TERM LOANS			
(i) Financial Institutions	11.20		*12.22*
(ii) Banks	—		*25.00*
(iii) Others	—		*2.00*
		11.20	*39.22*
4. LONG TERM LOANS FROM THE STATE INDUSTRIAL AND INVESTMENT CORPORATION OF MAHARASHTRA LTD. (SICOM) AND MADHYA PRADESH SALES TAX AUTHORITY		11.34	*8.82*
TOTAL . .		485.69	*415.39*

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SCHEDULE — E, FIXED ASSETS
Item II-1, page 10.

FIXED ASSETS	GROSS BLOCK AT COST			TOTAL DEPRECIATION			NET BLOCK	
	As at 31-3-2000	Additions/ Adjustments	Deductions/ Adjustments	As at 31-3-2001	For the Year 2000-2001	Upto 31-3-2001	As at 31-3-2001	*As at 31-3-2000*
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	*(i)*
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	*Rs. Crore*
1. Goodwill and Purchase of Rights	6.10	1.61	0.12	7.59	0.94	1.76	5.83	*5.28*
2. Freehold Land	25.00	5.64	-	30.64	-	-	30.64	*25.00*
3. Leasehold Land	27.83	-	0.01	27.82	0.98	4.02	23.80	*24.79*
4. Buildings	236.02	14.28	15.71	234.59	6.41	41.74	192.85	*198.93*
5. Machinery, Plant and Kilns	1,776.33	144.05	45.83	1,874.55	98.89	674.06	1,200.49	*1,192.98*
6. Roads, Bridges and Fences	37.04	0.92	0.06	37.90	0.65	5.84	32.06	*31.85*
7. Water Works	17.06	0.89	0.07	17.88	0.95	11.61	6.27	*6.36*
8. Railway Sidings and Tram -Lines	18.44	0.53	0.01	18.96	0.83	6.70	12.26	*12.57*
9. Rolling Stock	52.63	0.69	0.91	52.41	3.48	24.44	27.97	*31.68*
10. Furniture, Fixtures and Equipments	59.11	2.32	0.50	60.93	3.46	25.04	35.89	*37.38*
11. Motor Cars, Trucks, etc.	56.13	0.91	7.12	49.92	5.09	22.13	27.79	*36.32*
12 Electric Installations	381.70	24.47	4.33	401.84	19.60	130.18	271.66	*270.00*
	2,693.39	196.31	74.67	2,815.03	141.28	947.52	1,867.51	
Previous Year.....	*2,193.65*	*508.67*	*8.93*	*2,693.39*	*124.51*	*820.25*	-	*1,873.14*
13. Capital work in Progress and Unallocated Capital Expenditure							430.72	*162.97*

Notes:— (i) Cost of Shares of Rs. 6460 in various Co-operative Housing Societies, in respect of 19 residential flats are included under Item No. 4 'Buildings'.

(ii) Freehold land includes Rs. 0.35 Crore — *Previous Year Rs. 0.35 Crore*. Leasehold land includes Rs. 14.36 Crore — *Previous Year Rs. 11.80 Crore* and Buildings (Gross Block) includes Rs. 0.48 Crore — *Previous Year Rs. 0.48 Crore* in respect of which the transfer of title deeds to the name of the Company is under process.

(iii) Exchange rate differences arising during the year on foreign currency loans borrowed for the acquisition/construction of fixed assets have been adjusted — increase of Rs. 7.94 Crore — *Previous Year Rs. 13.70 Crore*.

(iv) Rolling Stock includes assets given on lease to Railway under 'Own Your Wagons' Scheme of Rs. 28.48 Crore — *Previous Year Rs. 28.86 Crore*.

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SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE — F, INVESTMENTS — (At cost unless otherwise stated) Item II-2, Page 10.	Face Value	Numbers	As at March 31, 2001 Rs. Crore	Rs. Crore	Previous Year Rs. Crore
1. TRADE INVESTMENTS —					
(a) Equity Shares — Fully Paid (Quoted):—					
(i) TRF Ltd.	10	3,60,000	0.51		0.51
(ii) Eternit Everest Ltd.	10	38,50,020	0.53		0.53
(iii) Floatglass India Ltd. (At Written down value) (See Note 8 (a), Page 30)	10	1,01,44,355	14.95		17.95
(b) Equity Shares — Fully Paid (Unquoted):—					
(i) International Ferrites Ltd. (Shares subscribed during the year Nil — *Previous Year 52,93,727 Shares*)	10	1,52,18,098	15.24		15.24
(ii) Alcoa – ACC Ltd.	10	28,80,000	2.88		2.88
(iii) Alstom Power Boilers Limited (At Written down value) (Earlier - ABB–ABL Ltd.)	10	8,15,482	0.82		0.82
(iv) Tata Industries Ltd. (Shares subscribed during the year — Nil — *Previous Year 2,50,000 Shares*)	100	5,00,000	6.50		6.50
(v) Bridgestone ACC India Ltd. (Shares subscribed during the year — Nil — *Previous Year 42,12,000 Shares)*	10	3,03,52,000	30.37		30.35
(vi) ACC Rio Tinto Exploration Limited (Subscribed during the year — Nil — *Previous Year 35,00,000 Shares*)	10	75,00,000	7.50		7.50
(c) Cumulative Redeemable Preference Shares — Fully Paid (Unquoted):— 10% Floatglass India Ltd. (See Note 8(a), Page 30)	100	5,00,000	5.00		5.00
(d) Investment in Foreign Currency (Unquoted):— Iran and India Cement Engg. Consultant Co. PJS	RLS 1000	1,46,999	0.17		0.17
				84.47	87.45
2. SUBSIDIARY COMPANIES:—					
(a) Equity Shares — Fully Paid (Unquoted): —					
(i) ACC Machinery Co. Ltd.	100	3,00,000	3.99		3.99
(ii) ACC-Nihon Castings Ltd. (See Note - 8(b), Page 30) (Subscribed during the year — 1,05,00,000 Shares of Rs. 10 per share — *Previous year — 70,00,000 Shares @ Rs. 10 per share)*	10	3,29,32,384	26.25		15.75
(iii) Bulk Cement Corporation (India) Limited (Shares subscribed during the year Nil — *Previous Year 1,10,30,760 Shares*)	10	2,34,90,810	23.49		23.49
(iv) Damodhar Cement & Slag Ltd.	10	2,09,70,000	20.97		20.97
* (Reduced face value pursuant to BIFR scheme)	4.50*	1,31,93,447	5.93		5.93
(b) Equity Shares — Partly Paid (Unquoted):— The Cement Marketing Co. of India Ltd.	100	3,610	—		—
(c) Cumulative Redeemable Preference Shares — Fully Paid (Unquoted):— 10% ACC Nihon Castings Limited (See Note - 8(b), Page 30)	10	60,00,000	6.00		6.00
				86.63	76.13
3. OTHER INVESTMENTS:—					
(a) GOVERNMENT AND TRUSTEE SECURITIES	Face Value Rs. Crore				
Quoted	—		—		—
Unquoted	0.02		0.02		0.02
	0.02		0.02		0.02
(includes Securities of the face value of Rs. 0.02 Crore — *Previous Year Rs. 0.02 Crore* — Deposited with Governments and others as Security Deposits)					
Total Carried Over . .			0.02		0.02

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SCHEDULE — F, INVESTMENTS — (*Contd.*)

	Face Value	Numbers	As at March 31, 2001 Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
Total Brought Over . .			*0.02*		*0.02*
(b) Equity Shares — Fully Paid (Quoted) :—					
Industrial Development Bank of India Ltd.	10	3,38,900	4.34		*4.34*
GRUH Finance Ltd.	10	13,15,582	2.01		*2.01*
(6,57,791 Shares received on conversion of Debentures)					
The India Cements Ltd.	10	784	—		—
Dalmia Cement (Bharat) Ltd.	10	373	—		—
Mysore Cement Ltd.	10	350	—		—
The Andhra Cement Company Ltd.	10	52	—		—
OCL India Limited	10	48	—		—
Kanoria Sugar & General Mfg. Co. Ltd.	10	4	—		—
Shree Digvijay Cement Co. Ltd.	100	18	—		—
Panyam Cement & Mineral Industries Ltd.	100	5	—		—
HDFC Bank Ltd.	10	500	—		—
Gujrat Composites Ltd.	10	60	—		—
(Allotted for holding in Shree Digvijay Cement Co. Ltd.)					
(c) Equity Shares — Fully Paid (Unquoted) :—					
Bio-tech Consortium India Ltd.	10	50,000	0.05		*0.05*
Rohtas Industries Ltd.	10	220	—		—
The Jaipur Udyog Ltd.	10	120	—		—
The Sone Valley Portland Cement Company Ltd.	5	100	—		—
The Travancore Cement Co. Ltd.	10	100	—		—
Ashoka Cement Ltd.	10	50	—		—
Digvijay Finlease Ltd	10	90	—		—
(Allotted during the year for the holding in Shree Digvijay Cement Co. Ltd.)					
(d) UNITS (Quoted):—					
Unit Trust of India — Unit Scheme 1964 (Units purchased during the year - 11,95,600 @ Rs. 14.67 Per Unit — Previous Year Nil)	10	29,38,823	3.96		*2.21*
				10.38	*8.63*
TOTAL . .				181.48	*172.21*

Notes : (i) Aggregate Net Cost and Market Value of Company's Investments : —

	As at 31-3-2001		*As at 31-3-2000*	
	Aggregate Net Cost	Market Value	*Aggregate Net Cost*	*Market Value*
	Rs. Crore	Rs. Crore	*Rs. Crore*	*Rs. Crore*
Quoted	26.30	19.21	*27.55*	*30.23*
Unquoted	155.18		*144.66*	
Total Investments	181.48		*172.21*	

(ii) The Units of Unit Trust of India [Item 3(d)] are 'Current Investments'. All other Investments are 'long term'.

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SCHEDULE — G, INVENTORIES — As Certified by the Management Item II-3(a), page 10.	As at March 31, 2001 Rs. Crore	Rs. Crore	*Previous Year* *Rs. Crore*
1. LIMESTONE, GYPSUM AND OTHER RAW MATERIALS —			
(a) On Hand	40.58		*40.78*
(b) In Transit	1.18		*2.44*
		41.76	*43.22*
2. COAL, BAGS, STORES, SPARES, ETC. —			
(a) Coal	26.24		*18.25*
(b) Bags	4.35		*5.63*
(c) Stores and Spares	77.47		*83.84*
(d) In Transit	20.82		*7.26*
		128.88	*114.98*
3. LOOSE PLANT AND TOOLS		1.46	*1.53*
4. STOCK-IN-TRADE —			
(a) Finished Goods	62.00		*70.44*
(b) Flats	0.02		*0.02*
		62.02	*70.46*
5. WORK-IN-PROGRESS —			
(a) Manufactured Products	76.83		*61.75*
(b) Contracts in Progress	—		*0.24*
(c) Flats under construction	1.85		*1.81*
		78.68	*63.80*
TOTAL . .		312.80	*293.99*

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SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE — H, SUNDRY DEBTORS Item II - 3(b), page 10.	As at March 31, 2001 Rs. Crore	Rs. Crore	*Previous Year* *Rs. Crore*
1. SUNDRY DEBTORS (SECURED AND CONSIDERED GOOD)			
(a) Over Six Months	0.82		*1.22*
(b) Others	15.46		*10.54*
		16.28	*11.76*
2. SUNDRY DEBTORS (UNSECURED AND CONSIDERED GOOD)			
(a) Over Six Months —			
(i) Sale of Products and Services	46.59		*38.92*
(ii) Railway, Insurance and Other Claims (includes Rs. 56.20 Crore due from Central/State Governments — *Previous Year Rs. 60.17 Crore*)	65.46		*68.73*
	112.05		*107.65*
(b) Others —			
(i) Sale of Products and Services	109.70		*121.37*
(ii) Railway, Insurance and Other Claims (includes Rs. 0.01 Crore due from Central/State Government — *Previous Year Rs. 0.01 Crore*)	9.60		*16.67*
	119.30		*138.04*
		231.35	*245.69*
TOTAL . .		247.63	*257.45*

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SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE — I, CASH AND BANK BALANCES Item II 3(c), page 10.	As at March 31, 2001 Rs. Crore	Rs. Crore	*Previous Year* *Rs. Crore*
1. CASH ON HAND		0.53	*0.65*
2. CURRENT ACCOUNTS WITH BANKS			
(a) *Scheduled Banks*	15.02		*27.88*
(b) The National Commercial Bank, Yanbu, Saudi Arabia (maximum balance during the year Rs. 4.36 Crore — *Previous Year Rs. 2.72 Crore*)	0.13		*1.42*
		15.15	*29.30*
3. POST OFFICE SAVINGS BANK ACCOUNTS (maximum balance during the year Rs. 0.01 Crore — *Previous Year Rs. 0.01 Crore*)		0.01	*0.01*
(The Pass Books are held as security by Excise and Railway Authorities and other parties)			
4. REMITTANCES IN TRANSIT		10.64	*0.64*
5. TERM DEPOSIT WITH SCHEDULED BANK		0.59	*0.35*
6. FIXED DEPOSITS			
Scheduled Banks — against margin money		1.03	*1.83*
TOTAL . .		27.95	*32.78*

SCHEDULE — J, OTHER CURRENT ASSETS Item II - 3(d), page 10.	As at March 31, 2001 Rs. Crore	*Previous Year* *Rs. Crore*
1. ACCRUED INTEREST	3.12	*2.97*
2. ASSETS HELD FOR DISPOSAL (See Note - 9, Page 30)	9.69	*2.60*
TOTAL . .	12.81	*5.57*

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SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE — K, LOANS AND ADVANCES — Item II-3(e), page 10. (Unsecured, Considered Good unless otherwise stated)	As at March 31, 2001 Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
1. ADVANCES AGAINST CAPITAL EXPENDITURE		20.57	*41.64*
2. BALANCES WITH EXCISE, CUSTOMS AND PORT TRUST AUTHORITIES ON CURRENT ACCOUNTS		51.99	*47.43*
3. SUNDRY ADVANCES AND DEPOSITS, ETC.			
(a) Advances to Suppliers	36.16		*36.82*
(b) Sales Tax, Freight and Excise Duty	2.23		*1.53*
(c) Advances and Deposits with Railways, Government Bodies and Others *(See Note 6, Page 29)*	124.08		*128.77*
(d) Prepaid Expenses	20.67		*16.49*
(e) Loans and Advances to Employees (due by Officers Rs. 1.40 Crore — *Previous Year Rs. 1.50 Crore*. Maximum balance during the year Rs. 1.55 Crore — *Previous Year Rs. 1.59 Crore*)	25.65		*27.24*
		208.79	*210.85*
4. ADVANCE PAYMENTS AGAINST TAXES (Net of provision for taxes)		14.47	*8.90*
5. LOANS AND ADVANCES TO SUBSIDIARY COMPANIES			
(a) *Unsecured interest free loan*	—		*1.92*
(b) Call deposits	6.71		*2.00*
(c) Other dues	3.76		*3.23*
		10.47	*7.15*
TOTAL		306.29	*315.97*

Note — Due by Whole-time Directors Rs. 0.46 Crore — *Previous Year Rs. 0.42 Crore*. Maximum balance during the year Rs. 0.48 Crore — *Previous Year Rs. 0.44 Crore*.

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SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE — L, SUNDRY LIABILITIES
Item II- 4(a), page 10.

	As at March 31, 2001 Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
1. SUNDRY CREDITORS			
(a) For Capital Expenditure	15.75		*38.40*
(b) For Goods Supplied (See Note - 13, Page 30)	63.74		*86.17*
(c) For Advance Payments	53.80		*50.52*
(d) For Other Liabilities	241.89		*235.96*
		375.18	*411.05*
2. EMPLOYEES (See Note - 7, Page 29)		41.12	*52.42*
3. SUNDRY DEPOSITS		41.58	*24.84*
4. SECURITY DEPOSITS FROM CONTRACTORS		11.93	*10.72*
5. UNPAID DIVIDENDS		5.97	*6.93*
6. INTEREST ON SECURED LOANS ACCRUED BUT NOT DUE		24.58	*17.95*
7. INTEREST ON UNSECURED LOANS ACCRUED BUT NOT DUE		3.00	*3.65*
TOTAL		503.36	*527.56*

SCHEDULE — M, PROVISIONS
Item II-4(b), page 10.

	As at March 31, 2001 Rs. Crore	*Previous Year Rs. Crore*
1. GRATUITY	5.67	*5.84*
2. LEAVE ENCASHMENT ON RETIREMENT	9.89	*8.60*
3. PROPOSED DIVIDEND	34.14	*15.65*
4. TAX ON DIVIDEND	3.48	*3.45*
5. CONTINGENCIES	30.00	*20.00*
TOTAL	83.18	*53.54*

SCHEDULE — N, MISCELLANEOUS EXPENDITURE
(To the extent not written off or adjusted)
Item II-6, page 10.

	As at March 31, 2001 Rs. Crore	*Previous Year Rs. Crore*
1. COMPENSATION UNDER VOLUNTARY RETIREMENT SCHEME	61.10	*79.44*
2. PREPAYMENT OF PREMIUM TO FINANCIAL INSTITUTIONS	2.15	—
3. COST OF ASSETS NOT OWNED BY THE COMPANY	6.80	*7.76*
TOTAL	70.05	*87.20*

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SCHEDULE — O, NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(A) Sales

(i) Sales are accounted on despatch of products and includes cost of self-consumption of goods produced.

(ii) Income from works contract, consultancy and other services rendered is accounted for on "Percentage of Completion" basis.

(iii) Revenue on real estate development is recognised on completion of contract.

(iv) Lease Rental income is accounted as per terms of lease.

(B) Excise Duty

Excise Duties recovered are included in the Sale of Products. Excise Duty paid on despatches and in respect of Finished Goods lying at factory premises are shown separately as an item of Manufacturing and Other Expenses and included in the valuation of finished goods.

(C) Accounting of Claims and Subsidies

(i) Claims receivable are accounted at the time of lodgment depending on the certainty of receipt and claims payable are accounted at the time of acceptance.

(ii) Claims raised by Government Authorities regarding taxes and duties, which are disputed by the Company, are accounted based on the merits of each claim.

(iii) Subsidy receivable against an expense is deducted from such expense and subsidy/grant receivable against a specific fixed asset is deducted from cost of the relevant fixed asset.

(iv) Investment subsidy not specifically related to a fixed asset is credited to Capital Reserve and retained till the requisite conditions are fulfilled.

(D) Debenture/Share Issue Expenses and Premium on Redemption of Debentures

Debenture/ Share issue expenses incurred are expensed in the same year and premium payable on debentures is expensed pro-rata over the debenture period; both are adjusted against the Share Premium Account as permitted by Section 78(2) of the Companies Act, 1956.

(E) Retirement Benefits

(i) Company's contributions paid/payable during the year to Provident Fund, Officer's Superannuation Fund and Gratuity Fund are charged to the Profit and Loss Account.

(ii) Leave encashment on retirement is provided on the basis of actuarial valuation.

(F) Fixed Assets

(i) Fixed Assets are stated at cost of acquisition or construction, including attributable interest and financial costs till such assets are put to use, less specific grants received.

(ii) Depreciation is provided ———

(a) in respect of assets acquired upto July 31, 1968 on the written down value method at the rates prescribed in Schedule XIV of the Companies Act, 1956;

(b) in respect of assets acquired during the period August 1, 1968 to July 31, 1986 on the straight line method at the rates in force at the time of acquisition of assets in accordance with Circular No. : 1/86 dated May 21, 1986 issued by the Department of Company Affairs;

(c) in respect of assets acquired on or after August 1, 1986 on the straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956, on a pro-rata basis.

(iii) Depreciation of leased assets is charged to Profit and Loss Account on the straight line method over the primary lease period.

(iv) Cost of leasehold land is amortised over the period of the lease.

(v) In respect of quarry freehold land, amortisation reserve is created by amortising the cost over the number of years of the mining rights of the quarries.

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(vi) Manufacturing and technology rights purchased are amortised over the period of rights.

(vii) In view of expected shorter life of Rolling Stock leased to Railways under "Own Your Wagon Scheme", the depreciation is provided for as per straight line method at the rate of 10%.

(G) Expenditure during construction period

In case of new projects and substantial expansion of existing factories, expenditure incurred, including trial production expenses net of revenue earned, and attributable interest and financing costs, prior to commencement of commercial production are capitalised.

(H) Investments

Long term investments are stated at cost or written down value (in case of other than temporary diminution). Current investments are stated at cost or fair value whichever is lower. Cost is determined on a weighted average basis.

(I) Research and Development

Revenue expenditure on Research and Development is charged out in the year in which it is incurred. Expenditure which results in creation of assets is included in Fixed Assets and depreciation is provided on such assets as applicable.

(J) Inventories

(i) Raw Materials, stock-in-trade and work-in-progress are valued at cost or net realisable value whichever is lower. Coal, packing materials and stores and spares are valued at cost.

(ii) Cost is determined on a weighted average basis.

(iii) Expenditure incurred on mobilisation and creation of facilities in respect of incomplete contracts is carried forward and written off in proportion to work done.

(K) Foreign Currency Transactions

(i) Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year except in respect of such items covered by forward contracts where the exchange difference between the forward rate and the exchange rate on the date of transaction is recognised over the life of the contract. Foreign currency transactions are accounted at the rate prevailing on the date of the transaction. In respect of overseas contracts the transactions are accounted at average rate. Gain or loss arising out of translation/ conversion is taken credit for or charged to the Profit and Loss Account.

(ii) Exchange differences arising due to repayment or restatement of liabilities incurred for the purpose of acquiring fixed assets are adjusted in the carrying amount of the respective fixed assets.

(L) Miscellaneous Expenditure

(i) Compensation payable under the Voluntary Retirement Scheme has been deferred, to be written off over a period of five years.

(ii) Expenditure incurred which results in creation of infrastructure not owned by the Company, is treated as deferred revenue expenditure to be written off over a period of five years.

(iii) Premium paid on prepayment of loan is charged to Profit and Loss Account over the balance tenure of the loan.

(M) Contingent Liabilities

Contingent liabilities are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

2. MANAGERIAL REMUNERATION (excluding contribution to gratuity fund and provision for leave encashment on retirement) paid/ payable to Directors:-

Managing /Whole–time Directors	March 31, 2001 Rs. Crore	*Previous Year Rs. Crore*
Salaries	0.39	*0.32*
Perquisites	0.51	*0.42*
Contributions to Provident and Superannuation Funds	0.11	*0.09*
Commission	0.47	—
	1.48	*0.83*
Directors other than the Managing/Whole-time Directors – Sitting Fees	0.03	*0.03*
	1.51	*0.86*

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Computation of Managing / Whole-time Director's Commission

	March 31, 2001 Rs Crore	*Previous Year Rs Crore*
Profit /(Loss) before exceptional items and taxation as per		
Profit and Loss Account	94.13	*(58.85)*
Add – Provision for depreciation as per Profit and Loss Account	141.28	*124.51*
Asset Written Off as per Profit and Loss Account	2.05	*1.08*
Remuneration to Directors	1.51	*0.86*
Compensation under Voluntary Retirement Scheme	24.75	*14.66*
Profit on Sale of Assets under Section 349(3)(d) of the Companies Act,1956	0.06	*0.40*
	263.78	*82.66*
Less – Depreciation under Section 350 of the Companies Act,1956	141.28	*160.72*
Profit on Sale of Assets	4.81	*0.11*
Profit on Sale of Investments	—	*14.57*
Assets Written Off under Section 350 of the Companies Act, 1956	32.05	*0.48*
Pro-rata Premium on Redemption of debentures and equity shares and debenture issue expenses	0.83	*2.49*
	178.97	*178.37*
Profit as per Section 349 of the Companies Act,1956	84.81	*(95.71)*
Commission to Managing / Whole-time Directors as per Section 309 of the Companies Act,1956	7.58	—
Restricted as per Service Agreement	1.56	—

Note –The excess of expenditure over income of earlier years is Rs Nil in accordance with legal advice received by the Company that in computing such excess, depreciation is not to be treated as expenditure.

3. In respect of second power plant at Wadi, the Company was eligible for sales tax incentive amounting to Rs 30.40 crore as per eligibility certificate issued by Director of Industries, Karnataka. Consequent to the Commissioner of Commercial Taxes raising a dispute in the matter, representation has been made to the State Level Committee objecting to modifications proposed to the eligibility certificate by the Commissioner of Commercial Taxes. Based on legal advice, the Board of Directors reached the conclusion that there was no need to retain the provision in respect of the amount of Rs 30.40 crore. During the year, there has been no development in the matter.

4. *During an earlier year the Company had received notices from certain State Governments and claims had also been preferred by* certain collieries after enactment of 'Cess and Other Taxes on Minerals (Validation) Act', 1992. In respect of these demands/claims received, the Company had filed writ petitions and obtained stay orders. The Supreme Court in its judgement dated July 26, 1996 has upheld constitutional validity of the Act.

 However, the issue of validity of any fresh demand made is being reviewed by a larger Bench constituted by the Supreme Court and its verdict is awaited.

 The Company had made an overall provision of Rs. 29.98 crore (*Previous Year – Rs 29.96 crore*) in earlier years in respect of Mineral Rights Tax and Cess on limestone and coal which is considered adequate.

5. The Company has filed a Writ Petition against the order of the Madhya Pradesh State Mining Department demanding Rs. 26.12 crore (*Previous Year – Rs 26.12 crore*) towards payment of additional Royalty on Limestone based on the ratio of 1.60 tonnes of Limestone to 1 tonne of cement produced at its factories in Madhya Pradesh. The Company holds the view that the payment of Royalty on Limestone is based on the actual quantity of Limestone extracted from the mining area. The independent report obtained from National Council of Building Materials supports the Company's view. The Company has challenged the demand by filing Writ Petition in the Jabalpur High Court. In view of the demand being legally unsustainable, the Company does not expect any liability in the matter.

6. Advances and deposits with Railways, Government bodies and others [Item 3(c), Schedule K] includes an amount of Rs. 7.02 crore - (*Previous year Rs 6.62 crore)* for setting up a power sub-station for the Company's Gagal Works being an infrastructure project not owned by the Company. *Rs 7.02 crore is recoverable against electricity charges.*

7. Provision for Employees includes Rs 13.93 crore being the estimated net present value of future monthly payments of pension

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under the Voluntary Retirement Scheme. In accordance with past practice, the compensation payable under Voluntary Retirement Scheme has been deferred,to be written off over a period of five years. The amount payable within one year under the scheme aggregates Rs 5.07 crore.

8. (a) The Company has an investment of Rs 22.95 crore in equity shares and cumulative redeemable preference shares of Floatglass India Limited (FGIL). The operations of FGIL have resulted in substantial erosion of its net worth and the Company is potentially sick under the Sick Industrial Companies (Special Provisions) Act, 1985. The Company has subsequent to the year end entered into agreement with Asahi Glass Company Limited of Japan to divest the entire stake for a total consideration of Rs 19.90 crore including non-compete fees and compensation for premature termination of Joint Venture. The value of investment has been written down by Rs 3 crore as at March 31,2001.

(b) The Company has an investment of Rs 32.25 crore in equity and cumulative redeemable preference shares and Rs 4.22 crore due from ACC – Nihon Castings Limited (ANCL). Further, the Company has given guarantees on behalf of ANCL to Financial Institutions for loans granted to ANCL and the contingent liability under these guarantees is Rs 30.29 crore (*Previous Year – Rs 30.29 crore*) as at March 31, 2001. The net worth of ANCL has been substantially eroded and the Company is potentially sick under the Sick Industrial Companies (Special Provisions) Act, 1985. A restructuring process is being implemented and the Company expects improvement in the future.

In order to meet the adverse impact if any, in respect of the above, as a measure of prudence, the Company has made a provision for contingency of Rs 30 crore including Rs 13 crore in the current year.

9. The operation of Synthetic Ferric Oxide (SFO) plant at Falta, West Bengal was discontinued from February 1999. The Company is making efforts to dispose off the plant. Non-factory assets worth Rs 8.19 crore continue to be disclosed in Fixed Assets. The estimated realisable value of certain assets of Rs 7.09 crore has been disclosed as "Assets Held for Disposal" and the balance of Rs 30 crore in respect thereof has been charged to profit and loss account.

10. CONTINGENT LIABILITIES NOT PROVIDED FOR:-

(A) Indemnity given to Bank of India for the guarantee/s executed by them on behalf of TRF Ltd. to the extent of Rs 0.36 crore — *Previous Year Rs. 0.36 crore.*

(B) Indemnity and Guarantee/s given to Banks/Financial Institutions and Government Bodies for the grant of term loan and for other facilities on behalf of subsidiary companies including amount referred to in Note – 8(b) to the extent of Rs. 65.99 crore —— *Previous Year Rs 74.81 crore* —- and —-others Rs.4.23 crore *Previous Year Rs. 4.23 crore.*

(C) Guarantee provided to a Corporate Body on behalf of Subsidiary Company Rs.1.75 crore –*Previous year Rs. 1.75 crore.*

(D) Uncalled amount on Investments in partly paid shares Rs. 0.03 crore –*Previous Year Rs. 0.03 crore.*

(E) As a signatory to the Memorandum of Association of The Cement Allocation and Co-ordinating Organisation, a company limited by guarantee Rs. 0.01 crore — *Previous Year Rs. 0.01 crore.*

(F) Sales Tax Rs. 9.58 crore — *Previous Year Rs.8.30 crore.*

(G) Claims against the Company not admitted as debts Rs. 5.84 crore — *Previous Year Rs. 20.80 crore.*

(H) Income Tax Rs. 7.97 crore —- *Previous Year Rs. 7.97 crore*

11. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) Rs. 39.07 crore — *Previous Year Rs. 249.48 crore.*

12. Revenue expenditure on Research and Development amounting to Rs. 9.29 crore —- *Previous Year Rs.11.47 crore* — has been charged to Profit and Loss Account and Capital expenditure relating to Research and Development amounting to Rs 0.82 crore — *Previous Year Rs 0.02 crore* — has been included in Fixed Assets (Schedule "E", Page 19).

13 a. An amount of Rs Nil —- *Previous Year Rs. 0.01 crore* is outstanding as at March 31, 2001 to suppliers under the "Interest on Delayed Payment to Small Scale and Ancillary Industrial Undertakings Act, 1993".

b. There are no Small Scale Industries to whom the Company owes a sum exceeding Rs 0.01crore, which is outstanding for more than 30 days at the Balance Sheet date, computed on unitwise basis. The above information and that given in Schedule L – "Sundry Liabilities" regarding Small Scale Industrial Undertaking has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

14. A charge has been created on stocks, stores, etc. in favour of Banks in consideration of guarantees and letters of credit issued/to be issued to the limit of Rs. 215 crore on behalf of the Company —- *Previous Year Rs. 215 crore.*

15. The Declarations filed under the Urban Land (Ceiling & Regulations) Act, 1976, in respect of the Company's holdings of vacant land in certain States in excess of the ceiling prescribed under the Act and the applications for exemption filed under Section 20 of the

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Act to retain these lands are under consideration of the concerned Authorities/ respective State Governments at three locations.

16. Raw Materials etc. (Item 2 of Schedule 2 at Page 13) includes consumption of Coal and Oil for Kilns, etc.Rs. 271.00 crore – *Previous Year Rs. 278.43 crore.*

17. Stores consumed etc. (Item 5(a) of Schedule 2 at Page 13) is after deduction of Rs. 87.48 crore charged to Raw Materials and other relevant heads - *Previous Year Rs. 83.24 crore.*

18. At the New Guwahati Area Office, some employees falsified banking related records which had resulted in wrongful credits aggregating Rs 8 crore approximately being afforded to a few favoured parties. Detailed ongoing investigations by the Management have resulted in criminal proceedings being initiated against the said employees who have since resigned from the Company and certain dealers/customers of the Company who had wrongfully benefited from their fraudulent activity. Civil suits have also been filed for recovery of dues from the erring parties. While vigorous efforts are being made to recover the outstanding dues, adequate provision has been made in the books of account and related internal controls have been strengthened.

19. Future obligation by way of lease rentals payable Rs. 16.24 crore — *Previous Year Rs. 22.16 crore.*

20. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3 & 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956 :—

(A) Sales by class of goods —

	Unit	2000-2001		*1999-2000*	
		Quantity	Rs. Crore	*Quantity*	*Rs. Crore*
(i) Cement@	Lakh Tonnes	102.35	2,376.76	*99.46*	*2,180.25*
(ii) Refractories and Refractory Products	,,	0.83	156.22	*0.78*	*146.74*
(iii) Ready Mix Concrete	Lakh Cu Mtrs.	4.24	91.15	*3.50*	*76.18*
(iv) Consultancy Services	—	—	70.82	—	*70.65*
(v) Erection, Fabrication & Contracts	—	—	15.18	—	*10.56*
(vi) Miscellaneous	—	—	5.99	—	*3.34*
(vii) Purchased Cement & other products	Lakh Tonnes	8.48	242.91	*8.04*	*214.09*
			2,959.03*		*2,701.81**

* Includes :

(a) Used at and/or despatched to works	31.64	*30.50*
(b) Excise Duty	383.45	*370.28*

@ Includes 2.68 Lakh tonnes of clinker value Rs. 39.52 Crore — *Previous Year 2.57 Lakh tonnes — Rs. 37.25 Crore.*

(B) Details of raw materials & components consumed (including labour cost Rs. 5.46 Crore — *Previous Year Rs. 5.98 Crore*) —

	Unit	2000-2001		*1999-2000*	
		Quantity	Rs. Crore	*Quantity*	*Rs. Crore*
(i) Limestone (including overheads)	Lakh Tonnes	117.29	133.02	*117.15*	*133.50*
(ii) Granulated Slag	,,	8.41	41.79	*9.36*	*44.36*
(iii) Gypsum	,,	4.97	51.43	*5.12*	*51.37*
(iv) Others	,,	28.29	149.37	*21.26*	*138.50*
			375.61		*367.73*

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(C) Licensed and installed capacity, actual production and opening and closing stocks --

	Unit	*Installed/Rated Capacity per annum as at March 31, 2001	*Installed/Rated Capacity per annum as at March 31, *2000*	Actual Production 2000-2001	Actual Production *1999-2000*
(i) Cement	Lakh Tonnes	127.34	*119.92*	102.05	*100.36*
(ii) Refractories and Refractory Products	"	1.20	*1.20*	0.86	*0.81*
(iii) Ready Mix Concrete	Lakh Cu. Mtrs.	11.59	*10.15*	4.24	*3.50*
(iv) Microwave Ferrite & Dielectric**	Kgs	5,000	*5,000*	1519	*220*
(v) Dylyn**	Sq Meter @	200	*200*	6	*6*

** Commercial Production started from August 01, 1999.
@ Surface Area Coating.

Licensed Capacity per annum not indicated due to the abolition of Industrial Licences as per Notification No. 477(E) dated July 25, 1991 issued under The Industries (Development and Regulation) Act, 1951.
* As certified by the Management and accepted by the Auditors.

	Unit	Opening Stocks as at April 1, 2000 Quantity	Opening Stocks as at April 1, 2000 Rs. Crore	Opening Stocks as at *April 1, 1999* *Quantity*	Opening Stocks as at *April 1, 1999* *Rs. Crore*	Closing Stocks as at March 31, 2001 Quantity	Closing Stocks as at March 31, 2001 Rs. Crore	Closing Stocks as at *March 31, 2000* *Quantity*	Closing Stocks as at *March 31, 2000* *Rs. Crore*
(i) Cement	Tonnes	316,321	57.40	*226,061*	*36.57*	284,739	51.26	*316,321*	*57.40*
(ii) Refractories and Refractory Products	"	2,375	6.89	*2,300*	*5.08*	2,877	7.43	*2,375*	*6.89*
(iii) Miscellaneous	"	37	0.06	*117*	*0.14*	49	0.05	*37*	*0.06*
(iv) Purchased Cement and Other Products	"	17,951	6.11	*6,334*	*3.20*	6,709	3.28	*17,951*	*6.11*
			70.46		*44.99*		62.02		*70.46*

(D) Purchase of Cement and Other Products — 8.36 Lakh Tonnes — Rs. 209.87 Crore
(Previous Year — 8.16 Lakh Tonnes — Rs. 182.76 Crore).

(E) Value of imports calculated on C.I.F. basis —

	2000-2001 Rs. Crore	*1999-2000* *Rs. Crore*
(i) Raw Material	6.88	*4.80*
(ii) Components and Spare Parts	15.84	*7.13*
(iii) Coal	29.63	*34.97*
(iv) Capital Goods	18.08	*7.61*
	70.43	*54.51*

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(F) Expenditure in foreign currencies —

		2000-2001 Rs. Crore	*1999-2000 Rs. Crore*
(i)	*Interest (including payments in Rupees to a Financial Institution on foreign currency loans)*	16.35	*14.15*
(ii)	*Expenses on foreign contracts*	24.65	*25.13*
(iii)	Travelling Expenses	1.46	*2.23*
(iv)	Books, Publications and Membership Fees	0.11	*0.14*
(v)	*Postage, Telegrams, Telex and other expenses*	0.06	*0.07*
(vi)	Technical Know-how (net of taxes)	4.18	*7.22*
(vii)	Commission on Exports	—	*0.26*
(viii)	Consultant's Fees	0.05	*0.08*
(ix)	Loss in Exchange	1.24	*0.75*
		48.10	*50.03*

(G) Value of imported and indigenous raw materials, components and spare parts consumed —

	Raw Materials				Components and Spare Parts			
	2000-2001 Rs. Crore	%	*1999-2000 Rs. Crore*	*%*	2000-2001 Rs. Crore	%	*1999-2000 Rs. Crore*	*%*
(i) Imported	32.22	8.15	*10.65*	*4.36*	8.72	6.93	*8.07*	*8.05*
(ii) Indigenous	362.96	91.85	*233.82*	*95.64*	117.11	93.07	*92.12*	*91.95*
	395.18	100.00	*244.47*	*100.00*	125.83	100.00	*100.19*	*100.00*

(H) Earnings in foreign exchange —

		2000-2001 Rs. Crore	*1999-2000 Rs. Crore*
(i)	Export of Cement, Refractory Products and Spares on F. O. B. basis	21.71	*19.32*
(ii)	*Earnings on contract services*	35.06	*33.61*
(iii)	Consultancy Services	3.83	*10.35*
(iv)	Sale of Publications	0.01	*0.01*
(v)	Gain in Exchange	2.04	*1.22*
(vi)	Interest	0.03	*0.03*
(vii)	Others	2.50	*2.35*
		65.18	*66.89*

21. Previous year's figures have been regrouped/restated wherever necessary to make them comparable with current year's figures.

22. Figures have been shown in Rupees Crore only, in accordance with the approval from the Company Law Board.

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Additional information Pursuant to Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS

Registration No. 11251 5 State Code 11

Balance Sheet Date 31 (Date) 03 (Month) 2001 (Year)

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue: NIL

Right Issue*: 247

Bonus Issue: NIL

Private Placement: NIL

*(incl. Share Premium received during the year Rs. 202 thousands.)

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities: 345724 62

Total Assets: 345724 62

SOURCES OF FUNDS

Paid-up Capital: 17088 18

Reserves & Surplus: 98086 76

Secured Loans: 11714 751

Unsecured Loans@: 54748 05

@(incl. Stockists' Deposits Rs. 617906 thousands)

APPLICATION OF FUNDS

Net Fixed Assets: 22982 357

Investments: 18148 13

Net Current Assets: 32094 09

Misc. Expenditure: 70047 1

Accumulated Losses: NIL

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover: 303176 25

Total Expenditure: 298062 56

Profit/(Loss) Before Tax: 51136 9

Profit/(Loss) After Tax: 47486 9

Earning per Share (in Rs.): 2.78

Dividend Rate (%): 20

V. GENERIC NAME OF PRINCIPAL PRODUCT OF COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)	Product Description
252300	CEMENT
690200	REFRACTORY
	CONSULTANCY SERVICE

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CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2001.

	Rs. Crore	*Previous Year Rs. Crore*
A. Cash flow from operating activities —		
1. Net profit / (loss) before tax and exceptional items	94.13	*(58.85)*
Adjustments for :		
2. Depreciation	141.28	*124.51*
3. Profit on Sale of Fixed Assets (includes Rs 4.69 Crore - non - cash compensation towards transfer of land to WCL)	(4.81)	*(0.11)*
4. Interest and Dividend Income (Gross)	(10.74)	*(5.51)*
5. Interest Expense	170.18	*161.77*
6. Debenture Issue Expenses adjusted against Share Premium	(0.73)	*(0.01)*
7. Assets/ Capital Work in Progress written off	2.05	*1.08*
8. Miscellaneous Expenditure written off	26.87	*16.45*
9 Profit on Sale of Investment	—	*(14.57)*
10 Provision for Gratuity and Leave Encashment	1.12	*4.13*
Operating profit before working capital changes	419.35	*228.89*
Adjustments for :		
11 Trade receivables	9.82	*17.39*
12 Inventories	(18.81)	*(57.09)*
13 Other receivables	(12.32)	*(12.66)*
14 Trade payables	13.61	*70.34*
	411.65	*246.87*
15 Compensation under Voluntary Retirement Scheme	(16.01)	*(29.39)*
16 Prepayment of Premium to Financial Institutions	(2.15)	—
17 Cost of assets not owned by the Company	(1.55)	—
Cash generated from operations	391.94	*217.48*
18 Direct Taxes - Refund / (Paid)	3.94	*(1.71)*
Net Cashflow from operating activities	395.88	*215.77*
B. Cashflow from investing activities-		
19 Loans to Companies and Public Bodies	(4.71)	—
20 Purchase of Fixed Assets	(401.61)	*(242.19)*
21 Capital Subsidy Received	0.16	—
22 Sale of Fixed Assets	0.13	*1.00*
23 Purchase of Investments (includes Rs 8.58 Crcre towards investment in Equity of Subsidiary Company)	(10.35)	*(29.32)*
24 Sale/Redemption of Investments	—	*22.61*
25 Interest Received	5.57	*2.75*
26 Dividend Received	0.75	*2.21*
Net cash used in investing activities	(410.06)	*(242.94)*
C. Cashflow from financing activities-		
27 Interest Paid (includes amount capitalised Rs 29.50 Crore- *Previous Year Rs 16.29 Crore*)	(193.70)	*(178.80)*
28 Proceeds from issue of Share Capital (net of Share Issue Expense)	(0.08)	*184.81*
29 Proceeds from/(Repayment of) Borrowings - Net	223.19	*33.65*
30 Dividend paid	(16.61)	*(28.60)*
31 Dividend tax paid	(3.45)	*(2.26)*
Net cash used in financing activities-	9.35	*8.80*
Net increase/(decrease) in cash and cash equivalents	(4.83)	*(18.37)*
Cash and cash equivalents - Opening Balance	32.78	*51.15*
- Closing Balance	27.95	*32.78*

Notes : 1 All figures in brackets are outflows.
2. Previous year's figures have been regrouped wherever necessary.
3. Direct Taxes paid are treated as arising from Operating Activities and are not bifurcated between Investing and Financing activities.

For and on behalf of the Board.

T. M. M. NAMBIAR
Managing Director

A. K. CHATTERJEE
M. L. NARULA
Whole-time Directors

P. K. SINOR
Whole-time Director &
Company Secretary

N. H. ITALIA
President Finance

Mumbai: April 30, 2001.

AUDITORS' REPORT

We have examined the attached cash flow statement of The Associated Cement Companies, Limited for the year ended March 31, 2001. The statement has been prepared by the Company in accordance with the requirements of the listing agreement with the Stock Exchanges and is based on and derived from the audited accounts of the Company for the year ended March 31, 2001.

Per our report attached

For K. S. AIYAR & CO.
Chartered Accountants

RAGHUVIR M. AIYAR
Partner
Mumbai: April 30, 2001.

For A. F. FERGUSON & CO.
Chartered Accountants

B. P. SHROFF
Partner

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STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956. RELATING TO SUBSIDIARY COMPANIES

	ACC Machinery Company Limited	The Cement Marketing Company of India, Limited	ACC-Nihon Castings Limited	Bulk Cement Corporation (India) Limited	Damodhar Cement and Slag Limited
(A) The "Financial Year" of the Subsidiary Companies	March 31, 2001	March 31, 2001	March 31, 2001	March 31, 2001	March 31, 2001
(B) Shares of the subsidiary held by The Associated Cement Companies, Limited on the above dates :					
(a) Number and face value. . . .	3,00,000 Shares of Rs. 100 each fully paid up	3,610 Shares of Rs. 100 each on which Rs. 10/- per Share paid-up	3,29,32,384 Shares of Rs. 10/- each and 60,00,000 10% cumulative Redeemable Preference Shares of Rs. 10 each fully paid-up	2,34,90,810 Shares of Rs. 10/- each fully paid-up	1,31,93,447 Shares of Rs. 4.50 each and 2,09,70,000 Shares of Rs. 10 each fully paid-up
(b) Extent of holding	100%	100%	100%	69.83%	97.61%
(C) The net aggregate of Profits/Loss of the Subsidiary Companies so far as it concerns the members of The Associated Cement Companies, Limited —					
(a) not dealt with in the accounts of The Associated Cement Companies, Limited for the year ended March 31, 2001 amounted to —					
(i) for the Subsidiaries' financial year ended as in (A) above . .	Rs. 154.27 Lakhs (Loss)	Rs. — Lakhs	Rs. 1021.77 Lakhs (Loss)	Rs. 3.76 Lakhs (Loss)	Rs. 257.80 Lakhs
(ii) For the previous financial years of the Subsidiaries since they became the Holding Company's subsidiaries	Rs. 118.44 Lakhs	Rs. 0.07 Lakh	Rs. 2720.21 Lakhs (Loss)	Rs. 182.75 Lakhs (Loss)	Rs.3410.92 Lakhs
(b) dealt with in the accounts of The Associated Cement Companies Limited for the year ended March 31, 2001 amounted to —					
(i) for the Subsidiaries' financial year ended as in (A) above . .	—	—	—	—	—
(ii) For the previous financial years of the Subsidiaries since they became the Holding Company's Subsidiaries	Rs. 85.73 Lakhs	—	—	—	—

For and on behalf of the Board,

A. K. CHATTERJEE
M. L. NARULA
Whole-time Directors

T. M. M. NAMBIAR
Managing Director

P. K. SINOR
Whole-time Director &
Company Secretary

N. H. ITALIA
President Finance

Mumbai: April 30, 2001.

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Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

(A) CONSERVATION OF ENERGY

(a) Energy Conservation measures taken

- Installation of high efficiency module at Grate Cooler inlets at Gagal, Madukkarai and Wadi (Kiln II) Works.
- Further enhancement of clinkering capacity of Gagal Line II from 4000 TPD to 4300 TPD along with impact on Energy Savings.
- Capacity enhancement and introduction of Energy Efficient Technologies like 6 stage preheater to replace 4 stage preheater system at Chanda Works.
- Capacity enhancement by installation of additional preheater stream at Madukkarai Works with beneficial impact on specific fuel and power consumption.
- Replacement/Improvement of Kiln Burner Systems at Chanda and Madukkarai Works.

(b) Additional proposals being implemented for reduction of energy consumption/cost.

- Installation of 15 MW Captive Thermal Power Plant at Chanda Works.
- Close circuiting of cement mills (2 Mills at Wadi and 2 Mills at Chanda Works).
- Installation of fly ash dryer at Gagal Works.
- Installation of mechanical cement conveying system at Chanda Works.
- Replacement of 1 Row of flotation cell by high efficiency cells at Madukkarai Works.
- Conversion of Silo Bottom aeration systems to energy efficient ones at Mancherial, Chanda, Lakheri and Wadi Works.
- Replacement/Retrofitting of fans and blowers with high efficiency ones at Chanda, Chaibasa, Gagal and Wadi Works.

(c) The impact of the measures at (a) & b) above for reduction of energy consumption and consequent impact on the cost of production

- Savings in energy usage; both thermal and electrical

(d) Total energy consumption and energy consumption per unit of production as per Form A.

FORM-A

Power and Fuel Consumption

	Current Year			Previous Year		
	Lakh Units (KWH)	Total Amount (Rs. Lakhs)	Rs./Unit	Lakh Units (KWH)	Total Amount (Rs. Lakhs)	Rs./Unit
1 Electricity						
a) Purchased						
Cement	7667	24281	3.17	8439	29401	3.48
Refractory Products	95	406	4.29	97	423	4.39
b) Own Generation						
i) Through Diesel Generator						
Cement	445	1871	4.21	483	1734	3.59
Refractory Products	4	38	10.77	7	49	6.67
ii) Through Steam Turbine/Generator						
Cement	3965	7308	1.84	2944	6001	2.04

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		Quantity (Lakh Tonnes)	Total cost (Rs. Lakhs)	Average Rate (Rs./Tonne)	Quantity (LakhTonnes)	Total cost (Rs. Lakhs)	Average Rate (Rs./Tonnes)
2	**Coal (for kiln)**						
	Cement	15.6	25767	1651	15.6	26770	1716
	Refractory Products	0.03	50	1560	0.04	71	1905
		Kilo Litres	Total Amount (Rs. Lakhs)	Rs./Litre	Kilo Litres	Total Amount (Rs. Lakhs)	Rs./Litre
3	**Furnace Oil**						
	Cement	289	36	12.34	126	15	12.09
	Refractory Products	3857	430	11.15	4136	357	8.64
4	**Diesel Oil**						
	Refractory Products	829	109	13.13	1433	141	9.83

		Consumption per Unit of Production		
		Standard@ (If any)	Current Year	Previous Year
a)	Electricity Kwh/T			
	Cement*			
	Wet process	89-105	88	86
	Semidry/Dry process	98-110	97	98
	Refractory Products	—	95	103
b)	Furnace Oil Kilo Litres/T			
	Cement	—	0.00003	0.00001
	Refractory Products	—	0.045	0.051
c)	Coal for kiln			
	K. cal/kg. clinker			
	Cement -			
	Wet process	1350	1309	1282
	Semidry / Dry process	720-990	783	794
d)	Coal/T of Refractory Products	—	0.04	0.05
e)	Diesel Oil Kilo Litres/T of Refractory Products	—	0.01	0.02

@ Source : Publication of Confederation of Indian Industries.
* Excludes non-process power consumption.

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(B) TECHNOLOGY ABSORPTION

Research & Development (R&D)

1. **Specific areas in which R&D carried out by the Company**

 — Development of cement based composites with tailored properties for niche applications.

 — Development of reactive belite for manufacture of cement.

 — Development of high performance concretes with ACC cements.

 — Development of new generation refractory cements for high temperature applications.

 — Development and application of dolomite and lime based refractories in the manufacture of cement/steel.

 — Development of novel materials for use in ceramics & catalysts.

2. **Benefits derived as a result of above R&D**

 — Conservation of industrial resources and releasing additional natural resources (low grade limestone) for cement manufacture.

 — Use of industrial waste for improved quality of blended cements.

 — Maintaining the competitive advantage in the market in cement and refractories.

3. **Future plan of action**

 — New product / process development and quality improvement to maintain leadership position in the areas of cement and refractories.

4. **Expenditure on R&D**	Rs. Lakhs
(a) Capital	82
(b) Recurring (Gross)	929
(c) Total	1011
(d) Total R & D expenditure as percentage of total turnover	0.3%

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Technology absorption, adaptation and innovation

I. Efforts, in brief, made towards technology selection, absorption and innovation.

— Successful retrofitting of ESPs Lurgi, RC, FLS design in cement plants to decrease emissions and improve efficiency of ESP performance.

II. Benefits derived as a result of the above effort

— Cleaner environment

— Improved performance

III. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) the following information is furnished.

(i) Technology	Year of Import
Manufacture of monolithic refractories for steel industry	1996-97
Manufacture of Special refractory castables and mouldables	1997-98
Tunnel form construction for mass housing	1998-99
Zero Emission technology for waste utilisation	1999-00
Kalina Cycle technology for power generation	1999-00
(ii) Has the technology been fully absorbed?	Yes

(C) FOREIGN EXCHANGE EARNING AND OUTGO

	Rs. Lakh
(i) Foreign exchange earned	6518
(ii) Foreign exchange used	11853

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For and on behalf of the Board,

TARUN DAS
Chairman

Mumbai: May 25, 2001

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ANNEXURE 'B' TO DIRECTORS' REPORT (Para 15)

STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2001.

Sr. No.	Name	Designation & Nature of duties	Remuneration Gross Rs.	Qualifications	Date of Commence-ment of Employment	Age in years	Last Employment
1	Chatterjee (Dr) A .K.	Wholetime — Director	29,70,470	M.Sc.Ph.D.	7.1.80	59	General Manager, CRI New Delhi
2*	Gupta M.L.	President — Corporate Affairs	10,50,998	B.Tech.(Hons)	9.1.68	60	Mines Suptd, Aluminium Corpn. of India-Bihar
3	Italia N.H.	President — Finance	10,12,914	B.Com. ACA	1.6.72	54	Director Finance, Floatglass India Ltd.
4	Jain A .K .	President — Mktg.Cement Business	11,45,901	B.Tech. (Hons)	1.8.69	53	Nil
5*	Lakdawala M.S.I.	Sr. Vice - President Secretarial	1,19,928	B.Com, FCA, AICWA	19.5.99	51	Nestle India Ltd.
6	Nambiar T.M.M.	Managing Director	48,36,174	B.Com. ACA	17.11.75	63	Sr. Management staff-Financial Accounts. Burmah Shell Oil Storage & Distribution Co. of India Ltd.
7.	Narain L. K.	President - H.R. & Admin.	10,66,950	M.A. B.L.	2.7.93	58	Piramal Enterprises Ltd.
8	Narula M.L.	Wholetime - Director	36,32,519	B.Sc.Engg.FIE India	15.1.63	60	Nil
9	Pathak A.K.	President & Chief Exec — RCD	9,56,197	B.Tech. (Elec)	8.8.71	52	Nil
10**	Rangachari B.D.	Vice-President — Finance Bridgestone ACC India Ltd.	1,94,573	B.Com., ACA	15.12.94	53	Jaiprakash Industries
11*	Reddy K.M.R.	Sr.Vice-President — Technical	5,24,755	Dip.in Mining 1st Class MMC(Coal &Met.)	2.5.63	60	Nil
12**	Singh A.P.	Director — Sales & Marketing Floatglass India Ltd.	4,56,334	B.A. (Hons), Dip.Marketing.	10.7.72	50	Toshiba Anand Batteries
13	Sinor P.K .	Wholetime — Director & Company Secretary	33,86,421	B.Com., FCS	1.7.75	61	Co. Secretary, ACC-Vickers Babcock Ltd,
14	Tiwari T.N.	President-Technical	9,79,591	B.Sc.,B.Tech	7.8.72	52	Nil

Notes:
(i) Gross Remuneration shown above is subject to tax and comprises salary, allowances, commission (if any), incentives, monetary value of perquisities, company's contribution to provident fund, officer's superannuation fund, commission to Directors and incentives to senior executives.
(ii) In addition to the above remuneration, employees are entitled to gratuity, medical benefits,etc in accordance with the company's Rules.
(iii) All the employees have adequate experience to discharge the responsibility assigned to them.
(iv) The nature of employment in all cases is contractual.
(v) * Indicates that the employees were in service only for a part of the year.
(vi) *Indicates that the employees were on deputation to associate Companies.

For and on behalf of the Board,

TARUN DAS
Chairman

Mumbai: May 25, 2001

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ANNEXURE 'C' TO DIRECTORS' REPORT (Para 10)

Statement pursuant to Clause 12 'Disclosure in the Directors' Report' of SEBI (Employees' Stock Option Scheme and Employees' Stock Purchase Scheme) Guidelines, 1999.

EMPLOYEES' STOCK OPTION SCHEME

Pursuant to the Resolution passed by the shareholders at the last Annual General Meeting held on 19th July, 2000 for grant of upto 15 lakh stock options, the Compensation Committee of Directors, at its meeting held on 8th November 2000, granted an aggregate of 9,04,250 options for the financial year 2000-2001 to eligible employees and Wholetime Directors of the Company and its subsidiary companies entitling them to get one equity share per option. The details of the stock options are given here below :-

a)	Options granted	904,250 (on November 8, 2000)
b)	The pricing formula	@ Rs.108 (At the AGM held on 19th July, 2000 it had been decided that the exercise price for the grant of options will be computed on the average of the daily closing price of the Company's shares on the Bombay Stock Exchange from March 1, 2000 to May 31, 2000. The Compensation Committee was authorised to decide the amount of discount not exceeding 20% on the above price. Accordingly, the Committee decided the price on the basis of 20% discount on the average price of Rs.133.90 which works out to Rs.108 per share)
c)	Options vested	Nil (None of the options granted has vested till date and consequently no option has been exercised.
d)	Options exercised	Nil
e)	The total number of shares arising as a result of exercise of options	Nil
f)	Options lapsed	40,650
g)	Variation of terms of options	Nil
h)	Money realised by exercise of options	Nil
i)	Total number of options in force	863,600

j) Details of options granted to the Managing/Wholetime Directors

Name	Designation	No. of options granted.
Mr. T.M.M. Nambiar	Managing Director	20,000
Dr. A.K. Chatterjee	Wholetime Director	13,000
Mr. M.L. Narula	Wholetime Director	17,000
Mr. P.K. Sinor	Wholetime Director & Company Secretary	15,000

k) Details of options in force granted to other employees :

Total number of other employees	1,518
Total number of options granted	7,98,600
Maximum number of options granted	9,000
Minimum number of options granted	100
Average number of options granted	526

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l)	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	Nil
m)	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil
n)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with International Accounting Standard (IAS)33.	Not applicable as the options have not vested and consequently no option has been exercised.

For and on behalf of the Board,

TARUN DAS
Chairman

Mumbai – May 25, 2001

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ACCOUNTS OF SUBSIDIARY COMPANIES 2000-2001

Page No.

1. Acc Machinery Company Limited S1-S7

2. The Cement Marketing Company of India, Limited S8-S9

3. Acc - Nihon Castings Limited S10-S14

4. Bulk Cement Corporation (India) Limited S15-S18

5. Damodhar Cement & Slag Limited S19-S26

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ACC Machinery Company Limited

DIRECTORS' REPORT

1. The Directors have pleasure in presenting the Twenty-Seventh Annual Report and the Audited Statement of Accounts of the Company for the year ended March 31, 2001.
2. **FINANCIAL RESULTS:**

	2000-2001 Rs. Lakh	1999-2000 Rs. Lakh
Sale of Products & Other Income	1811.46	1330.93
Less: Expenditure other than depreciation, interest and deferred expenses	1493.14	1146.37
Profit before interest/depreciation/amortisation	318.32	184.56
Interest	135.12	130.02
Profit before depreciation/amortisation	183.20	54.54
Depreciation/Amortisation	337.47	320.12
Loss before Tax	(154.27)	(265.58)
Provision for Tax	—	—
Loss after Tax	(154.27)	(265.58)
Balance brought forward from previous year	(178.82)	86.76
Balance Loss carried forward to next year's Account	(333.09)	(178.82)

3. **SALES AND REVENUE:**
The Income of the Company was Rs. 1811.46 lakh in 2000-2001 compared to Rs. 1330.93 lakh in 1999-2000.
The increase has been due to good orders received during the year for tyre machinery and blowers and the execution of order for Vertical Pre-grinding Mill of M/s. Madras Cement Ltd.
Your Company received repeat orders for 45" tyre curing press of Kobe design, 3 roll precision calender, mixing mill and bladder curing press. The first banbury mixer of Kobe design was successfully commissioned during the year and has been performing to the entire satisfaction of the customer. Tyre machinery was exported to Sri Lanka and through a trading house to Vietnam. These exported machines were commissioned by your Company's engineers and are performing very satisfactorily.
The year witnessed an up-surge in the number of blowers sold and nearly half of the quantity was to technology provided by M/s Unozawa-Gumi Iron Works Limited, Japan under the second agreement with them effective August, 1999.
4. **INDUSTRIAL RELATIONS**
Industrial relations at the Company's unit were by and large cordial.
5. **DIRECTORS**
In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Dr. A.K. Chatterjee retires by rotation but is eligible for re-appointment.
6. **DIRECTORS RESPONSIBILITY**
Pursuant to Section 217(2AA) of the Companies Act, 2000 the Directors confirm that:
 a) in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
 b) appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2001 and of the profit/loss of the Company for the said period;
 c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 d) The annual accounts have been prepared on a going concern basis.
7. **AUDITORS**
The shareholders are requested to appoint the auditors for the financial year 2001-2002 and authorise the Board of Directors to fix their remuneration.
8. **PARTICULARS OF EMPLOYEES:**
There are no employees drawing salaries in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended and hence no information is furnished thereto.
9. **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**
As required under Section 217(e) of the Companies Act, 1956, read with (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are set out in the Annexure forming part of this Report.
10. **ACKNOWLEDGEMENT:**
The Directors take this opportunity to express their appreciation for the co-operation received from the Central Government, the State Government, The Associated Cement Companies Limited, the Company's Bankers, valuable customers and others connected with the Company. Your Directors also thank all the employees of the Company for their valuable services and support during the year.

Mumbai, April 20, 2001.
Registered Office :
"CEMENT HOUSE",
121, Maharshi Karve Road,
Mumbai 400 020.

For and on behalf of the Board of Directors,
T. M. M. Nambiar
Chairman

ANNEXURE TO THE DIRECTORS' REPORT (PARA 9)

(Additional information given in terms of Notification 1029 of 31.12.1988 issued by the Department of Company Affairs)

Disclosures

A. Conservation of Energy:
A high power factor continued to be maintained on the incoming power supply at the Company's Butibori works.

B. Foreign Exchange Earnings and outgo:
Earnings : Rs. 38.01 lakh
Outgo : Rs. 517.49 lakh

FORM B

Research and Development

1. Specific areas in which R&D carried out by the Company:
 - A precise control of sheet thickness based on digital read out system was developed for 3-roll calendar.
 - PLC based controls were developed for bladder curing press to replace existing conventional controls.
2. Benefits derived as a result of the above R&D:
The above items would improve the quality of the end product, reduce scrap generation and also conserve energy.
3. Future plan of action:
To carry out further product development and technology upgradation in existing product range and new products.
4. Expenditure on R&D : Nil
5. Technology absorption, adaptation and innovation:
 - Blowers were manufactured, using new technology provided by M/s. Unozawa-Gumi Iron Works Limited of Japan, during the current financial year.
 - New design of tube curing press provided by a customer was productionised.

Mumbai, April 20, 2001.
Registered Office :
"CEMENT HOUSE",
121, Maharshi Karve Road,
Mumbai 400 020.

For and on behalf of the Board of Directors,
T. M. M. Nambiar
Chairman

AUDITORS' REPORT

To the Members of

ACC MACHINERY COMPANY LIMITED

Report on the Accounts for the year ended March 31, 2001 in compliance with Section 227 (2) of the Companies Act, 1956.

We have examined the attached Balance Sheet and Profit and Loss Account annexed there to which are in agreement with the Company's books of account.

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that :
 (a) We have obtained all the information and the explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 (b) In our opinion, the Company has kept proper books of account as required by law so far, as appears from our examination of those books;
 (c) In our opinion, the Profit and Loss Account and the Balance Sheet compiy with the Accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 (d) As per confirmation letters of the Directors, which are taken on record by the company, none of the directors are disqualified from being appointed as directors under clause (g) of sub-section (1) of Section 274.
 (e) In our opinion and to the best of our information and according to the explanations given to us the said Accounts read with the other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 1. in the case of the Balance Sheet, of the state of affairs as at March 31, 2001 and
 2. in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.

For K. S. AIYAR & CO
Chartered Accountants
RAMAKRISHNA PRABHU
Partner

Mumbai, April 20, 2001.

Annexure to the Auditors' Report

(Referred to in paragraph 1 of our Report of even date).

(i) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. These Assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.

(ii) None of the fixed assets have been revalued during the year.

(iii) The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. The frequency of verification is reasonable.

(iv) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(v) The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

(vi) On the basis of our examination of stock records, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in the preceding year.

(vii) The rate of interest and other terms and conditions of the loans, secured or unsecured taken from a company listed in the register maintained under Section 301 of the Companies Act, 1956 are prima facie, not prejudicial to the interest of the company. The provisions of Section 370 of the Companies Act, 1956, are not applicable on or after 31st October, 1998.

(viii) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or to the Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956, the provisions of which are not applicable on or after 31st October, 1998.

(ix) In respect of loans and advances in the nature of loans given by the Company, parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest where applicable.

(x) There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.

(xi) In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and aggregating during the year to Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.

(xii) The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provisions have been made in the accounts for the loss arising on the items so determined.

(xiii) The Company has not accepted any deposits from the public.

(xiv) The Company has maintained reasonable records for the sale and disposal of scrap. The Company does not have any by-product.

(xv) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(xvi) The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.

(xvii) The Company is regular in depositing Provident Fund and Employees' State Insurance dues with appropriate authorities.

(xviii) No undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty and Excise Duty were outstanding as at March 31, 2001 for a period of more than six months from the date they became payable.

(xix) According to the information and explanations given to us, no personal expenses have been charged to the revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.

(xx) The Company is not a sick industrial company within the meaning of Clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For K. S. AIYAR & CO
Chartered Accountants
RAMAKRISHNA PRABHU
Partner

Mumbai, April 20, 2001.

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AMCL

BALANCE SHEET AS AT MARCH 31, 2001

(FIGURES IN RUPEES LAKH)

	Schedules			Previous Year
I. SOURCES OF FUNDS :				
1. SHAREHOLDERS' FUNDS				
(a) Capital	A	**300.00**		*300.00*
(b) Reserves and Surplus	B	—		*98.22*
			300.00	*398.22*
2. LOAN FUNDS				
(a) Secured Loans	C	**245.51**		*437.84*
(b) Unsecured Loans	D	**913.56**		*642.99*
			1159.07	*1080.83*
TOTAL			**1459.07**	*1479.05*
II. APPLICATION OF FUNDS :				
1. FIXED ASSETS				
(a) Gross Block	E	**2282.03**		*2107.68*
(b) *Less :* Depreciation		**1190.09**		*939.66*
(c) Net Block			**1091.94**	*1168.02*
(d) Capital W.I.P.			**12.46**	*66.07*
2. CURRENT ASSETS, LOANS AND ADVANCES				
(a) Inventories	F	**249.97**		*301.81*
(b) Sundry Debtors	G	**286.62**		*186.93*
(c) Cash and Bank Balances	H	**3.56**		*15.43*
(d) Loans and Advances	I	**132.31**		*134.20*
		672.46		*638.37*
3. *Less :* CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities	J	**514.67**		*580.86*
NET CURRENT ASSETS			**157.79**	*57.51*
4. MISCELLANEOUS EXPENDITURE (To the extent not Written off or adjusted)	K		**140.83**	*187.45*
5. PROFIT AND LOSS ACCOUNT			**56.05**	—
TOTAL			**1459.07**	*1479.05*
NOTES ON ACCOUNTS	L			

As per our Report attached
For K. S. AIYAR & CO.
Chartered Accountants.
RAMAKRISHNA PRABHU
Partner.

For and on behalf of the Board,
T. M. M. Nambiar — *Chairman*
Dr. A. K. Chatterjee, N. H. Italia — *Directors*

J. N. Dhondy
Company Secretary

Mumbai, April 20, 2001. *Mumbai, April 20, 2001.*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2001

(FIGURES IN RUPEES LAKH)

	Schedules			Previous Year
1. **INCOME :**				
(a) Sales and Services			**1745.48**	*1256.86*
(b) Miscellaneous Income	1		**65.98**	*74.07*
			1811.48	*1330.93*
2. **EXPENDITURE :**				
(a) Raw Materials, Bought-outs, Stores and Spares	2	**908.05**		*740.73*
(b) (Increase)/Decrease in Work-in-Progress	3	**32.88**		*(46.97)*
(c) Employees' Remuneration and Benefits	4	**171.44**		*166.34*
(d) Expenses of Manufacture, Administration and Selling	5	**380.77**		*286.27*
(e) Interest and Bank Charges	6	**135.12**		*130.02*
(f) Deferred Revenue Expenditure Amortised	7	**78.10**		*72.69*
(g) Depreciation **260.96** *Less:* Surplus Written Back **1.59**		**259.37**		*247.43*
			1965.73	*1596.51*
3. LOSS BEFORE TAXATION			**(154.27)**	*(265.58)*
4. PROVISION FOR TAXATION			—	—
5. LOSS AFTER TAXATION			**(154.27)**	*(265.58)*
6. BALANCE PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR			—	*86.76*
7. TRANSFER FROM GENERAL RESERVE			**98.22**	*178.82*
8. BALANCE LOSS CARRIED TO BALANCE SHEET			**(56.05)**	—
NOTES ON ACCOUNTS	L			

As per our Report attached
For K. S. AIYAR & CO.
Chartered Accountants.
RAMAKRISHNA PRABHU
Partner.

For and on behalf of the Board,
T. M. M. Nambiar — *Chairman*
Dr. A. K. Chatterjee, N. H. Italia — *Directors*

J. N. Dhondy
Company Secretary

Mumbai, April 20, 2001. *Mumbai, April 20, 2001.*

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SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE A — SHARE CAPITAL

(FIGURES IN RUPEES LAKH)

		Previous Year
AUTHORISED —		
3,00,000 Equity Shares of Rs. 100 each	**300.00**	*300.00*
ISSUED, SUBSCRIBED AND PAID UP —		
3,00,000 Equity Shares of Rs. 100 each	**300.00**	*300.00*

(All the shares are held by The Associated Cement Cos. Ltd., the Holding Company and its Nominees)

SCHEDULE B — RESERVES AND SURPLUS

(FIGURES IN RUPEES LAKH)

		Previous Year
1. General Reserve :		
Balance as per last Balance Sheet	**98.22**	*277.04*
2. Less: Transfer from Profit and Loss Account	**(98.22)**	*(178.82)*
TOTAL	**—**	*98.22*

SCHEDULE D — UNSECURED LOANS

(FIGURES IN RUPEES LAKH)

		Previous Year
1. Housing Development Finance Corporation Limited	**26.35**	*27.91*
FOREIGN CURRENCY LOAN		
2. Fuji Bank Limited — Singapore (See Note No.7) (Guaranteed by Letter of Comfort from The Associated Cement Cos. Ltd. The Holding Company)	**200.44**	*375.43*
3. The Associated Cement Cos. Ltd. (The Holding Company)	**559.00**	*200.00*
4. Sales Tax Deferral Loan (See Note No. 8)	**127.77**	*39.65*
TOTAL	**913.56**	*642.99*

SCHEDULE C — SECURED LOANS

(FIGURES IN RUPEES LAKH)

		Previous Year
Rupee Loan		
1. Loan from IDBI under the Equipment Finance Scheme, with a *pari-pasu* charge by way of hypothecation in favour of lenders, of the machinery together with machinery spares, accessories present and future, acquired/to be acquired by the Company out of the loan and to be installed at its Units and a *pari-pasu* charge by way of hypothecation of all the Company's movables (save and except book debts) present and future subject to prior charges created and/or to be created in favour of the company's bankers — Guaranteed by The Associated Cement Companies Ltd.; the Holding Company	**31.10**	*92.50*
Rupee Loan		
2. Loan from The Fuji Bank Ltd. with a *pari-pasu* charge by way of hypothecation in favour of the lenders, of the machinery together with machinery spares, accessories present and future, acquired/ to be acquired by the Company out of the loan and to be installed at its Units and a *pari-pasu* charge by way of hypothecation of all the Company's movables (save and except book debts) present and future subject to prior charges created and/or to be created in favour of the Company's bankers.	**—**	*88.24*
3. Cash Credit — Punjab National Bank (Secured by Hypothecation of Stocks of Raw materials, Components, Stores and Spares, Stock-in-Progress and Finished Goods) — Guaranteed by The Associated Cement Companies Ltd., the Holding Company	**214.41**	*257.10*
TOTAL	**245.51**	*437.84*

SCHEDULE E — FIXED ASSETS

(FIGURES IN RUPEES LAKH)

	ASSETS	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
A	OWN ASSETS	As at 31-3-2000	Additions	Disposals	**As at 31-3-2001**	Upto 31-3-2000	For the Year	On Disposals/ Adjustments	**As at 31-3-2001**	**As at 31-3-2001**	*As at 31-3-2000*
1.	Buildings*	—	48.78	—	**48.78**	—	0.79	—	**0.79**	47.99	—
2.	Plant & Machinery*	1274.56	29.37	2.34	**1301.59**	482.36	81.55	2.19	**561.72**	739.87	*792.20*
3.	Licence-Rights	562.52	103.02	—	**665.54**	265.85	137.56	—	**403.41**	262.13	*296.67*
4.	Furniture & Fixtures	33.45	0.64	2.06	**32.03**	15.32	1.85	2.97	**14.20**	17.83	*18.13*
5.	Office Equipment	50.27	3.58	3.63	**50.22**	32.87	2.74	2.52	**33.09**	17.13	*17.40*
6.	Motor Vehicles**	23.05	—	3.01	**20.04**	16.10	1.43	2.85	**14.68**	5.36	*6.95*
	SUB — TOTAL	1943.85	185.39	11.04	**2118.20**	812.50	225.92	10.53	**1027.89**	1090.31	*1131.35*
B	LEASED ASSETS $										
	Plant & Machinery	163.83	—	—	**163.83**	127.16	35.04	—	**162.20**	1.63	*36.67*
	SUB — TOTAL	163.83	—	—	**163.83**	127.16	35.04	—	**162.20**	1.63	*36.67*
	TOTAL — CURRENT	2107.68	185.39	11.04	**2282.03**	939.66	260.96	10.53	**1190.09**	1091.94	*1168.02*
	TOTAL — *PREVIOUS*	*2103.58*	*12.40*	*8.30*	**2107.68**	*698.17*	*247.43*	*5.94*	***939.66***	*1168.02*	
C	CAPITAL WORK-IN-PROGRESS AND UNALLOCATED CAPITAL EXPENDITURE									*12.46*	*66.07*

* Built on lease hold Land, which belongs to The Associated Cement Cos. Ltd. (The Holding Co.).
** Includes 3 Vehicles pending registration in the Company's name.
$ Leased Assets — See Note No. 5

SCHEDULE F — INVENTORIES — At Cost

(As certified by the Management)

(FIGURES IN RUPEES LAKH)

		Previous Year
1. Raw Materials	**175.15**	*166.96*
2. General Stores in hand & Loose Tools	**10.49**	*7.52*
3. Work-in-Progress	**64.33**	*127.33*
TOTAL	**249.97**	*301.81*

SCHEDULE G — SUNDRY DEBTORS

(FIGURES IN RUPEES LAKH)

			Previous Year
UNSECURED, CONSIDERED GOOD —			
1. More than six months [Includes amounts due from The ACC Ltd. the Holding Company Rs. 18.44 lakh [(*Previousyear — Rs. 15.12 lakh*)]	**24.95**		*29.22*
Less: Provision for bad and doubtful debts	**1.39**		*1.11*
		23.56	*28.11*
2. Others [(Includes amounts due from The ACC Ltd. the Holding Company Rs. 6.41 lakh (*Previous year — Rs. 72.85 lakh*)]		**263.06**	*158.82*
TOTAL		**286.62**	*186.93*

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SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE H — CASH AND BANK BALANCES

(FIGURES IN RUPEES LAKH)

			Previous Year
1.	Cash	**0.57**	*0.27*
2.	Balance with Scheduled Banks — In Current Accounts	**0.26**	*5.56*
3.	Balance with Unscheduled Bank — In Current Account with Fuji Bank Ltd., Mumbai [Maximum balance during the year 0.35 lakh (*Previous year Rs. 9.18 lakh*)]	**0.35**	*0.35*
4.	Fixed Deposits	**2.38**	*9.25*
	TOTAL	**3.56**	*15.43*

SCHEDULE I — LOANS AND ADVANCES

(FIGURES IN RUPEES LAKH)

	(Unsecured, Considered Good — unless otherwise stated)			Previous Year
1.	Advances Recoverable in Cash or in kind or for value to be received	**59.29**		
	Less: Provision for doubtful advances	**6.29**		
			53.00	*66.19*
2.	Deposits		**33.71**	*30.61*
3.	Balance with Excise Authorities		**14.63**	*7.23*
4.	Advance Income Tax (Net of Provision Rs. 194.35 lakh — *Previous year Rs. 194.35 lakh*)		**30.97**	*30.17*
	TOTAL		**132.31**	*134.20*

SCHEDULE J — CURRENT LIABILITIES

(FIGURES IN RUPEES LAKH)

				Previous Year
1.	Sundry Creditors for goods supplied — Small Scale Industries — More than Rs. 1 lakh and exceeding 30 days	**—**		*—*
	Others	**180.86**		*200.57*
			180.86	*200.57*
2.	Advance received against Orders		**157.82**	*256.36*
3.	Other Liabilities		**149.90**	*107.81*
4.	Interest accrued but not due on Loans		**1.10**	*2.62*
5.	The Associated Cement Cos. Ltd. (The Holding Company)		**24.99**	*13.50*
	TOTAL		**514.67**	*580.86*

SCHEDULE K — MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

(FIGURES IN RUPEES LAKH)

				Previous Year
	Deferred Revenue Expenditure :			
1.	Fees for Product related Technical Know-how and Technical Assistance (See Note No. 7)	**120.11**		*127.44*
2.	Employee Severance Cost	**98.82**		*132.70*
			218.93	*260.14*
	Less : Amortised		**78.10**	*72.69*
	TOTAL		**140.83**	*187.45*

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 1 — MISCELLANEOUS INCOME

(FIGURES IN RUPEES LAKH)

			Previous Year
(a)	Rentals on Leased Assets	**—**	*30.10*
(b)	Packing and Forwarding	**16.65**	*9.37*
(c)	Other Income	**17.36**	*4.29*
(d)	Interest — Bank Deposits/Others	**1.72**	*10.94*
(e)	Excess liability Written Back	**—**	*3.87*
(f)	Sales Tax Refund	**1.76**	*2.19*
(g)	Profit on Sale of Assets	**0.70**	*0.24*
(h)	Credit balances written back	**27.41**	*10.82*
(i)	Bad Debt recovery	**—**	*2.25*
(k)	Difference in Exchange	**0.38**	*—*
	TOTAL	**65.98**	*74.07*

SCHEDULE 2 — RAW MATERIALS, BOUGHT-OUTS, STORES AND SPARES, ETC.

(FIGURES IN RUPEES LAKH)

			Previous Year
(a)	Raw Materials & Bought-outs consumed	**886.51**	*725.14*
(b)	Stores, Spares and Loose Tools consumed	**21.54**	*15.59*
	TOTAL	**908.05**	*740.73*

SCHEDULE 3 — (INCREASE)/DECREASE IN WORK-IN-PROGRESS

(FIGURES IN RUPEES LAKH)

		Previous Year
Work-in-Progress as at 01.04.2000	**127.33**	*80.36*
Less: Adjustments during the year (*See Note No. 9*)	**30.12**	*—*
Less: Work-in-Progress as at 31.03.2001	**64.33**	*127.33*
TOTAL	**32.88**	*(46.97)*

SCHEDULE 4 — EMPLOYEES' REMUNERATION AND BENEFITS

(FIGURES IN RUPEES LAKH)

			Previous Year
(a)	Salaries, Wages, Bonus, Gratuity and Allowances	**145.99**	*140.59*
(b)	Contribution to Provident and other Funds	**19.29**	*18.97*
(c)	Welfare Expenses	**6.16**	*4.73*
(d)	Severance Cost for discontinued units Leave encashment and Others	**—**	*2.05*
	TOTAL	**171.44**	*166.34*

SCHEDULE 5 — EXPENSES OF MANUFACTURE, ADMINISTRATION AND SELLING

(FIGURES IN RUPEES LAKH)

					Previous Year
(a)	Excise Duties			**190.26**	*127.39*
(b)	Power			**26.92**	*22.00*
(c)	Repairs —				
	(i) Machinery	**1.58**			*7.99*
	(ii) Others	**5.81**			*5.97*
			7.39		*13.96*
(d)	Rent, Rates and Taxes			**25.21**	*10.51*
(e)	Insurance			**3.49**	*3.08*
(f)	Legal and Professional Charges			**9.58**	*8.47*
(g)	Auditors' Remuneration : —				
	(i) Audit Fees	**1.21**			*0.90*
	(ii) For Other Services	**0.21**			*0.08*
	(iii) Reimbursement of expenses	**0.36**			*0.24*
	(iv) For tax audit	**0.20**			*0.19*
			1.98		*1.41*
(h)	Travelling and Conveyance			**18.36**	*26.97*
(i)	Engineering Fees & Service charges..			**24.70**	*24.22*
(j)	Royalty			**27.47**	*15.51*
(k)	Provision for Bad and Doubtful Debts/ Advances			**6.58**	*1.11*
(l)	Other expenses (comprising Postage, Printing and Stationery, Entertainment expenses, etc.)			**38.83**	*31.64*
	TOTAL			**380.77**	*286.27*

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SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 6 — INTEREST AND BANK CHARGES

(FIGURES IN RUPEES LAKH)

			Previous Year
(a) Bank Charges		**12.22**	*8.71*
(b) Interest :			
(i) Bank	**32.94**		*17.79*
(ii) Term Loans	**85.55**		*98.83*
(iii) Others	**4.41**		*4.69*
		122.90	*121.31*
TOTAL		**135.12**	*130.02*

SCHEDULE 7 — DEFERRED REVENUE EXPENDITURE AMORTISED

(FIGURES IN RUPEES LAKH)

		Previous Year
1 Fees for Product related Technical Know-how and Technical Assistance (See Note No. 7)	**44.22**	*38.81*
2 Employee Severance Cost	**33.88**	*33.88*
TOTAL	**78.10**	*72.69*

SCHEDULE L — NOTES ON ACCOUNTS

1.0 SIGNIFICANT ACCOUNTING POLICIES

1.1 Sale of Products and Services

(i) Sales are accounted on despatch of products and include cost of self-consumption of goods produced.

(ii) Income from consultancy and other services rendered is accounted for as per terms of contract.

(iii) Income from Erection Contracts is accounted on the basis of stage completion of the Contracts.

1.2 Excise Duty

Excise duties recovered are included in the sale of products. Excise duty paid on despatches is separately shown as expenses of manufacture.

1.3 Accounting of Claims

(i) Claims receivable are accounted at the time of lodgement depending on the certainty of receipt and claims payable are accounted at the time of acceptance.

(ii) Claims raised by Government authorities regarding taxes and duties, which are disputed by the Company, are accounted based on legality of each claim. Adjustments, if any are made in the year in which disputes are finally settled.

1.4 Retirement Benefits

Company's contribution paid/payable during the year to Provident Fund, Officers' Superannuation Fund and Gratuity Fund are charged to Profit and Loss Account.

Liability on account of leave encashment on retirement is provided on actual basis.

1.5 Fixed Assets, Depreciation & Amortisation

(i) All Fixed Assets are stated at cost of acquisition or construction.

(ii) Proportionate fees paid in respect of technical know-how pertaining to plant and designs of plant and machinery are capitalised as a part of plant and machinery and depreciated accordingly.

(iii) Depreciation is provided on the Straight Line Method in respect of assets at Butibori unit and on Written Down Value method for other assets transferred from Kalwe and Madukkarai units at the rates prescribed in Schedule XIV of the Companies Act, 1956.

(iv) Licence Rights for the Companys' products and Trade Marks are amortized over a period of sixty months from the date of commercial exploitation.

1.6 Investments

Short Term Investments are stated at cost or market value, whichever is lower and income thereon accounted on accrual basis.

1.7 Inventories

(i) Raw Materials, Stores and Spares and Work-in-progress are valued at cost, excluding bank charges on imported spares. Costs are determined on the basis of weighted average of Raw Material Cost, Direct Labour and Factory Overheads.

(ii) Work-in-progress in respect of Erection Contracts is valued at contract rates.

1.8 Foreign Currency Transactions

Foreign currency Assets and Liabilities are stated at the rates ruling at the year-end and at the contract rate where forward exchange contracts are entered into. Exchange differences relating to Foreign Exchange Loans taken for acquisition of Fixed Assets are adjusted in the cost of the Assets. Any other exchange differences are dealt with in the Profit & Loss account.

1.9 Deferred Revenue Expenditure

Fees paid towards product related Technical Know-how and Technical Assistance are deferred and amortised over a period of five years from the date of commencement of commercial production of the respective product.

Severance cost to Employees arising out of the discontinuance of Kalwe unit are deferred and amortised over a period of sixty months.

2. The Company has been sanctioned a facility of foreign letter of credit cum guarantee of Rs. 200 Lakhs (*Previous Year Rs. 200 Lakhs*) by Punjab National Bank, which is fully secured by counter guarantee of The Associated Cement Companies Ltd. (Holding Company).

3. Contingent Liabilities

	2000-2001 Rs. Lakh	*1999-2000 Rs. Lakh*
i) In respect of Gurantees executed by bank on behalf of the Company	**167.77**	*66.93*
ii) In respect of Demand raised by Central Excise/Sales Tax authorities against the Company, the Company has filed appeal against the demand with appellate authorities and in respect of under taking given by the Company	**20.61**	*17.11*

4. Estimated amounts of Contracts remaining to be executed on capital account and not provided for Rs. 14.50 lakh (*Previous Year Rs. 110.00 Lakh*).

5. In respect to Assets given on lease, the Company has decided to dispose at 1% of the capital cost amounting to Rs. 1.63 lakh and the balance of Rs. 35.04 lakh charged to Profit and Loss account towards additional depreciation pending actual sales.

6. The benefit of credit against the payment made towards Minimum Alternate Tax for the earlier years is available in accordance with provision of Section 115JAA over a period of subsequent five assessment years and the same will be accounted for when actually availed.

7. In accordance with the Company's accounting policy in respect to foreign currency transactions, external commercial borrowings in US Dollars have been restated at the year end by an incremental amount of Rs. 24.09 lakh *(Previous year - a decremental amount of Rs. 1.86 Lakh)* and Gross Fixed Assets and Miscellaneous Expenditure – Licence Rights for Products and Technical Know-How have been correspondingly increased.

8. Sales-tax deferral

In terms of the applicaiton for eligibility certificate for new units for sales tax incentives under Part-I of 1993 scheme as notified under Govt. of Maharashtra resolution No. IDL/1093/8889/IND 8 dated May 7, 1993, the Company has been accorded the benefit of sales-tax deferral by SICOM Ltd. in respect to MST and CST. The Company has availed the sum of Rs. 127.77 lakh as on *31-3-2001 (Previous year Rs. 39.65 lakh)* as deferral benefit, which has been grouped under unsecured loans.

9. Pursuant to the settlement concluded with a customer, the company has forfeited advance received from the customer amounting to Rs. 25.39 lakh of which Rs. 10.83 lakh is adjusted against WIP and balance of Rs. 14.56 lakh written back. The material value of Rs. 19.29 lakh retrievable from WIP has been taken into stock.

10. Previous year's figures have been regrouped wherever necessary.

11. Additional information pursuant to the provisions of paragraphs 3 and 4 of the part II of schedule VI to the Companies Act, 1956 :—

I. TURNOVER —

	2000-2001 Quantity Nos.	**Value Rs. Lakh**	*1999-2000 Quantity Nos.*	*Value Rs. Lakh*
1. Tyre Machinery	**11**	**565.24**	*8*	*403.80*
2. Bulk Transporters	**69**	**258.76**	*81*	*499.65*
3. Blowers	**96**	**155.89**	*33*	*74.69*
4. Erection, other fabrication, Bought-outs Spares etc.	**—**	**765.59**	—	*278.72*
TOTAL		**1745.48**		*1256.86*

II. RAW MATERIALS CONSUMED —

	2000-2001 Quantity Tonnes	**Value Rs. Lakh**	*1999-2000 Quantity Tonnes*	*Value Rs. Lakh*
1. Steel Sheets	**141.170**	**33.61**	*161.06*	*37.94*
2. Others		**852.90**		*687.20*
TOTAL		**886.51**		*725.14*

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III. LICENSED CAPACITY AND INSTALLED CAPACITY*

	Installed Capacity	
	2000-2001 **Nos.**	*1999-2000* *Nos.*
Collapsible Drums Tyre Building Machines Tyre Curing Presses Tube Curing Presses Brake Assemblies Bladder Presses	**231**	*231*
Bulk Transporters	**150**	*150*
Three Lobe Blowers	**150**	*150*

*Licensed Capacity per annum not indicated due to abolition of Industrial License as per notification No. 477 (E) dated July 25, 1991 issued under the Industrial (Development & Regulation) Act, 1951.

IV. PARTICULARS IN RESPECT OF GOODS MANUFACTURED/TRADED —

				Opening Stock (Finished Goods)		Closing Stock (Finished Goods)	
		2000-2001 **Qty.** **Nos.**	*1999-2000* *Qty.* *Nos.*	Qty. Nos.	Value Rs. Lakh	Qty. Nos.	Value Rs. Lakh
1.	Tyre Machinery	**11**	*8*	—	—	—	—
2.	Bulk Transporters	**69**	*81*	—	—	—	—
3.	Blowers	**96**	*33*	—	—	—	—

V. EXPENDITURE IN FOREIGN CURRENCY DURING THE YEAR —

		2000-2001 **Rs. Lakh**	*1999-2000* *Rs. Lakh*
1.	Foreign Tour	**0.20**	*4.59*
2.	Technical Know-how/Tech. Fees	**91.13**	*11.53*
3.	Royalty	**26.11**	*4.77*
4.	Basic Engineering Fees	**—**	*19.46*
5.	Interest on ECB	**26.14**	*34.17*
6.	Advance for Purchase	**0.69**	*1.54*

VI. VALUE OF IMPORTS CALCULATED ON C.I.F. BASIS —

	2000-2001 **Rs. Lakh**	*1999-2000* *Rs. Lakh*
Raw Materials	**174.15**	*13.59*

VII. Value of Imported and Indigenous Raw Materials, Stores & Spare Parts consumed during the year —

	Raw Materials				General Stores and Loose Tools			
	2000-2001 **Rs. Lakh**	**%**	*1999-2000* *Rs. Lakh*	*%*	**2000-2001** **Rs. Lakh**	**%**	*1999-2000* *Rs. Lakh*	*%*
1. Imported	**316.24**	**35.67**	*26.73*	*3.69*	**—**	**—**	*—*	*—*
2. Indigenous	**570.27**	**64.33**	*698.41*	*96.31*	**21.54**	**100.00**	*15.59*	*100.00*
	886.51	**100.00**	*725.14*	*100.00*	**21.54**	**100.00**	*15.59*	*100.00*

VIII. Value of Exports —
Exports on F. O. B. basis **Rs. 35.84** lakh *(Previous Year Rs. 36.59 Lakh)*

Signatures to Schedules A to L and 1 to 7
As per our Report attached

For and on behalf of the Board,

For K. S. Aiyar & Co.
Chartered Accountants.

T.M.M. Nambiar — *Chairman*

RAMAKRISHNA PRABHU
Partner.

Dr. A. K. Chatterjee
N. H. Italia — *Directors*

J. N. Dhondy
Company Secretary

Mumbai, April 20, 2001.

Mumbai, April 20, 2001.

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Additional information pursuant to part IV of Schedule VI to the Companies Act, 1956.

1.	Registration Details			
	Registration No.		:	16974
	State Code No.		:	11
	Balance Sheet Date		:	31-03-2001
				(Rs. lakh)
2.	Capital Raised During the year			
	Public (Issue through the prospectus)		:	—
	Right Issue		:	—
	Bonus Issue		:	—
	Private Placement (Firm allotment to the promoters and their Associates)		:	—
3.	Position of Mobilisation & Deployment of Funds			
	Total Liabilities		:	1459.07
	Total Assets		:	1459.07
	Sources of Funds —			
	Paid-up Capital (including Share Application money)		:	300.00
	Reserves & Surplus		:	—
	Secured Loans		:	245.51
	Unsecured Loans		:	913.56
	Application of Funds —			
	Net Fixed Assets		:	1104.40
	Investments		:	—
	Net Current Assets		:	157.79
	Miscellaneous Expenditure		:	140.83
	Accumulated Losses		:	56.05
4.	Performance of Company —			
	Turnover		:	1811.46
	Total Expenditure		:	1965.73
	(Loss)/Profit before Tax		:	(154.27)
	Earning per Share	Rs.	:	Nil
	Dividend Rate	%	:	Nil
5.	Generic Name of Principal Product of Company			
	(As per Monetary Terms)			
	Item Code		:	8477.80
			:	8419.89
	Product Description		:	Tyre, Rubber and Cement Machinery

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For and on behalf of the Board,

T.M.M. Nambiar — *Chairman*

Dr. A. K. Chatterjee, N. H. Italia — *Directors*

J. N. Dhondy
Company Secretary

Mumbai, April 20, 2001.

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DIRECTORS' REPORT

The Directors hereby present their Seventy Second Annual Report together with the Statement of Accounts for the year ended 31st March, 2001.

1. The Profit and Loss Account shows a Net Profit of Rs. 304/- which is carried to the Balance Sheet.

2. In accordance with the provisions of the Companies Act, 1956, Mr. A. K. Jain, Director retires by rotation and is eligible for reappointment.

3. The Shareholders of the Company are requested to appoint Auditors and to fix their remuneration.

For and on behalf of the Board,

T. M. M. NAMBIAR
Chairman

Mumbai, April 20, 2001.

Registered Office :
'Cement House',
121, Maharshi Karve Road,
Mumbai 400 020.

AUDITORS' REPORT

We have examined the attached Balance Sheet of THE CEMENT MARKETING COMPANY OF INDIA, LIMITED, Mumbai as at 31st March 2001 and the annexed Profit and Loss Account for the year ended on that date which are in agreement with the books of account.

As the Company during the year was not engaged in any of the activities specified in para 1(2) of the Manufacturing and other Companies (Auditors' Report) Order, 1988 the said order is not applicable.

Further to the above :

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

iii. In our opinion, the Profit & Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.

iv. As per the confirmations received from the directors that are taken on record by the company, none of the directors are disqualified under Section 274(1)(g) of the Companies Act, 1956, as amended.

v. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:

 1. In the case of the Balance Sheet, of the state of affairs as at 31st March, 2001; and

 2. In the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date.

For K. S. AIYAR & CO.
Chartered Accountants

RAMAKRISHNA PRABHU
Partner

Mumbai, April 20, 2001.

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THE CEMENT MARKETING COMPANY OF INDIA, LIMITED

BALANCE SHEET AS AT MARCH 31, 2001

SOURCES OF FUNDS	Rupees	Rupees	Previous Year Rupees
SHAREHOLDERS' FUNDS			
(a) SHARE CAPITAL			
Authorised —			
3,610 Equity Shares of Rs. 100/- each ...		3,61,000	*3,61,000*
Issued and Subscribed —			
3,610 Equity Shares of Rs. 100/- each, Rs. 10/- per share paid up — all held by the Holding Company, The Associated Cement Companies Limited and their Nominees		36,100	*36,100*
(b) RESERVES AND SURPLUS			
Profit and Loss Account		7,410	*7,106*
TOTAL		43,510	*43,206*
APPLICATION OF FUNDS			
CURRENT ASSETS, LOANS AND ADVANCES			
(a) Cash and Bank Balances —			
On Current Account with a Scheduled Bank	4,836		*6,816*
Fixed Deposit with Central Bank of India	35,000		*35,000*
(b) Interest accrued and due on Fixed Deposit	4,026		—
(c) Interest accrued but not due on Fixed Deposit	383		*2,275*
	44,245		*44,091*
LESS — CURRENT LIABILITIES AND PROVISIONS			
(a) Sundry Liabilities	525		*525*
(b) Provision for taxation	210		*360*
	735		*885*
NET CURRENT ASSETS		43,510	*43,206*
TOTAL		43,510	*43,206*

Per our Report attached

For K. S. AIYAR & CO.
Chartered Accountants.

RAMAKRISHNA PRABHU
Partner.

Mumbai, April 20, 2001.

For and on behalf of the Board,

T. M. M. NAMBIAR — *Chairman*
A. K. JAIN, M. L. NARULA — *Directors*

Mumbai, April 20, 2001.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2001

Income	Rupees	Rupees	Previous Year Rupees
Interest on Fixed Deposit		4,409	4,550
Expenditure			
Establishment and other Expenses			
1. Rates and Taxes	1,700		*1,500*
2. General Charges	1,670		*1,590*
3. Auditors' Fees	525		*550*
		3,895	*3,640*
Profit/(Loss) before Taxation		514	*910*
Provision for Taxation		210	*360*
Net Profit/(Loss) after Taxation		304	*550*
Balance Brought forward from Previous Year		7,106	*6,556*
Balance Carried to Balance Sheet		7,410	*7,106*

Note: Additional information pursuant to the provisions of paragraphs 3 and 4 of the Part II of Schedule VI to the Companies Act, 1956, is not applicable, in absence of any Trading activity. Accounting Policy — All Expenditure and Income are on accrual basis.

Per our Report attached

For K. S. AIYAR & CO.
Chartered Accountants.

RAMAKRISHNA PRABHU
Partner.

Mumbai, April 20, 2001.

For and on behalf of the Board,

T. M. M. NAMBIAR — *Chairman*
A. K. JAIN, M. L. NARULA — *Directors*

Mumbai, April 20, 2001.

Balance Sheet Abstract and Company's General Business Profile
(As per Schedule VI, Part (IV) of the Companies Act, 1956)

I. Registration Details
Registration No. 2514 State Code 11
Balance sheet Date 31 03 2001

II. *Capital raised during the year (Amount in Rupees)*

Public Issue: Nil	Rights Issue: Nil
Bonus Issue: Nil	Private Placement: Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rupees)

	Total Liabilities: 43510	Total Assets: 43510
Source of Funds	Paid-up Capital: 36100	Reserves & Surplus: 7410
	Secured Loans: Nil	Unsecured Loans: Nil
Application of Funds	Net Fixed Assets: Nil	Investments: Nil
	Net Current Assets: 43510	Misc. Expenditure: Nil
	Accumulated Losses: Nil	

IV. Performance of Company (Amount in Rupees)

Income: 4409	Expenditure: 3895
Profit before tax: 514	Proft after Tax: 304
Earning per share in Rs.: Nil	Dividend rate %: Nil

V. Generic Name of Three Principal Products/Services of the Company as per monetary terms: Nil

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DIRECTORS' REPORT

To The Members of

ACC-NIHON CASTINGS LIMITED

Your Directors have pleasure in presenting the 9th Annual Report on the business and operations of your Company together with the Audited Financial Accounts for the year ended 31st March, 2001.

1. **FINANCIAL RESULTS**

	2000-2001 Rs. Lakh	1999-2000 Rs. Lakh
Sale of products and other Income	1369	1481
Operating Expenditure	1923	1728
Profit/(Loss) before Interest and Depreciation	(554)	(247)
Interest	281	283
Profit/(Loss) before depreciation	(835)	(530)
Depreciation	187	184
Net Profit/(Loss)	(1022)	(714)

2. **OPERATIONS**

2.1 In view of the continuing recessionary trend in the country, the Company took several steps to strengthen its customer base in the export market.

2.2 **PRODUCTION**
Production duirng the financial year 2000-2001 was 2056 MTs as compared to 1770 MTs during the previous year.

2.3 **SALES**
The total sale of products for the financial year was Rs. 1335 lakh as compared to Rs. 1417 lakh in the previous year. In terms of volume, our sales during the financial year 2000-2001 was 1902 MTs as compared to 1905 MTs in the previous year.

2.4 **EXPORTS**
The export turnover for the year was Rs. 360 lakh (F.O.B. Value) as compared to Rs. 34 lakh in previous year.

3. **PRODUCT DEVELOPMENT**
ANCL has developed over 200 products in the year 2000-2001. These have potential to generate orders for several years.

4. **HUMAN RESOURSES**
Subsequent to the lifting of the lockout at the Companies Butibori Plant early in the financial year, industrial relations were by and large cordial.

5. **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**
As required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the particulars in respect of conservation of energy, technology and foreign exchange earnings and outgo are set out in the Annexure to the Report.

6. **PARTICULARS OF EMPLOYEES**
The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

7. **DIRECTORS**
In accordance with the provisions of the Companies Act 1956 and the Company's Articles of Association, Mr. T. M. M. Nambiar retires by rotation and is eligible for reappointment.
Mr. N. H. Italia was appointed as an Additional Director of the Company by the Board of Directors pursuant to Article 125 of the Articles of Association of the Company with effect from 29th March, 2001. Mr. Italia holds office up to the date of the Annual General Meeting, under section 260 of the Companies Act, 1956 and is eligible for reappointment. The company has received a notice in writing from a member proposing his candidature for the office of director.

8. **AUDITORS**
The shareholders are requested to appoint Auditors for the current year. The existing Auditors, M/s. A.F. Ferguson & Co. have, under section 224(1B) of the Companies Act, 1956, furnished certificate of their eligibility for the appointment.

9. DIRECTORS RESPONSIBILITY STATEMENT:
The Directors Confirm:
a) that in the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures;
b) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2001 and of the profit/loss of the Company for the said period;
c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
d) that the Directors have prepared the annual accounts on a going concern basis.

10. **APPOINTMENT OF AUDIT COMMITTEE**
Company has appointed Audit committee pursuant to Section 292A of the Companies Act 1956.

11. **ISSUE OF EQUITY SHARES**
During the financial year 2000-2001, the Company issued and allotted Equity shares of Rs. 10 each aggregating to Rs. 1050 Lakh to The Associateed Cement Companies Limited.

12. **ACKNOWLEDGEMENT**
The Directors acknowledge with gratitude the co-operation and assistance provided by the Company's Customers, Bankers, Financial Institutions, Government Authorities and The Associated Cement Companies Limited for their continued and valuable support. The Directors also wish to place on record their appreciation for the dedicated services of all Executives, Staff and Workmen of the Company during the year.

For and on behalf of the Board of Directors,

T. M. M. NAMBIAR
Chairman

Mumbai, 20th April, 2001.

ANNEXURE TO THE DIRECTORS' REPORT

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March, 2001.

A. Conservation of Energy

During the year electricity consumption per MT of castings has been 3108 units PMT as compared to 3439 Units in the previous year.

FORM "A"

Form for Disclosure of Particulars with respect to Conservation of Energy

Power and Fuel Consumption

		Current Year	Previous Year
(1)	Electricity		
	(a) Units purchased KWH	6523971	7329623
	Total amount (Rs.)	30481823	31608491
	Rate/Unit Rs./KWH	4.67	4.31
	(b) Own Generation	Nil	Nil
(2)	Light Diesel Oil		
	Units purchased (Ltrs.)	120850	138800
	Total amount (Rs.)	1981468	1726169
	Rate Rs./Ltr.	16.40	12.44
(3)	Consumption/Unit of Production		
	Product : Steel, Alloy and Cast Iron Castings		
	Electricity (Units/MT)	3108	3439
	Light Diesel Oil (Ltrs./MT)	57.57	65.12

B. Foreign Exchange Earnings and Outgo

Figures for foreign exchange earnings and outgo are furnished in Items 8 and 9 of Notes on Accounts.

For and on behalf of the Board,

T. M. M. NAMBIAR
Chairman

Mumbai, 20th April, 2001.

AUDITORS' REPORT

TO THE MEMBERS OF
ACC-NIHON CASTINGS LIMITED

We have audited the attached Balance Sheet of ACC-NIHON CASTINGS LIMITED as at March 31, 2001 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. *Attention is invited to note 2 on the Accounts which states that these accounts have been prepared on a 'going concern' basis which is dependant on the continuing support of the holding Company.*
3. Further to our comments in the annexure referred to in paragraph 1 above:
 a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
 c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 d) in our opinion, the Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 e) on the basis of the written represenatations received from the directors, and taken on record by the Board of Directors, none of the directors of the Company are disqualified as on 31st March, 2001 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 f) in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2001; and
 ii. in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.

For A. F. FERGUSON & CO.
Chartered Accountants

B. P. Shroff
Partner

Mumbai: April 20, 2001

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 1 of our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The Company has verified Patterns during the year in accordance with its policy to verify all Fixed Assets over a period of three years; no material discrepancies were noticed on such physical verification. In our opinion, the frequency of verification is reasonable.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. According to the information and explanations given to us, the Company has not taken/granted any loans, secured or unsecured from/to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, where the rate of interest or the terms and conditions are prima facie prejudicial to the interest of the Company. In view of the provisions of Section 370 of the Companies Act, 1956, not being applicable loans from/to companies under the same management, if any, have not been commented upon.
8. In respect of loans given to the employees, the Company is recovering principal and interest as stipulated.
9. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
10. According to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more.
11. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined during the year.
12. The Company has not accepted any deposits from the public to which the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 apply.
13. The Company's operations do not generate any by-products and the sale of scrap is not significant.
14. The Company has an internal audit system commensurate with the size and nature of its business.
15. We are informed that the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the products of the Company.
16. According to the records of the Company, Provident Fund dues have generally been regularly deposited during the year with the appropriate authorities and there are no arrears as at the end of the year. We are informed that the provisions of the Employees' State Insurance Act, 1948 are not applicable to the Company.
17. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income-tax, Wealth tax, Sales tax, Customs duty and excise duty outstanding as at March 31, 2001 for a period of more than six months from the date on which they became payable.
18. According to the information and explanations given to us, no personal expenses of the employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
19. The Company is not a sick industrial company within meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.

For A. F. FERGUSON & CO.
Chartered Accountants

B. P. Shroff
Partner

Mumbai, April 20, 2001.

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BALANCE SHEET AS AT MARCH 31, 2001

	Schedules	Rs. Lakh	Previous Year Rs. Lakh
SOURCES OF FUNDS :			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	**3,893.24**	*2,843.24*
(b) Reserves and Surplus	2	**30.00**	*30.00*
		3,923.24	*2,873.24*
2. LOAN FUNDS			
(a) Secured loans	3	**1,270.34**	*1,267.11*
(b) Unsecured loans	4	**977.00**	*1,350.97*
		2,247.34	*2,618.08*
TOTAL		**6,170.58**	*5,491.32*
APPLICATION OF FUNDS :			
1. FIXED ASSETS	5		
Gross block		**3,036.50**	*2,992.65*
Less : Depreciation		**1,237.30**	*1,050.10*
Net block		**1,799.20**	*1,942.55*
Capital work in progress and capital advances		**3.89**	*6.31*
		1,803.09	*1,948.86*
2. INVESTMENTS	6	**0.15**	*0.15*
3. CURRENT ASSETS, LOANS AND ADVANCES			
(a) Interest accrued on investments		**0.14**	*0.14*
(b) Inventories	7	**708.40**	*937.29*
(c) Sundry debtors	8	**632.39**	*520.95*
(d) Cash and bank balances	9	**35.77**	*25.54*
(e) Loans and advances	10	**92.92**	*47.19*
		1,469.62	*1,531.11*
4. *LESS :* CURRENT LIABILITIES AND PROVISIONS			
(a) Current liabilities	11	**942.93**	*786.85*
(b) Provisions	12	**28.83**	*23.92*
		971.76	*810.77*
5. NET CURRENT ASSETS		**497.86**	*720.34*
6. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)			
Product development expenses		**119.24**	*90.72*
Preliminary expenses		**3.40**	*4.53*
Share issue expenses		**4.86**	*5.76*
Front-end fee		**—**	*0.75*
7. PROFIT AND LOSS ACCOUNT		**3,741.98**	*2,720.21*
TOTAL		**6,170.58**	*5,491.32*
8. NOTES ON ACCOUNTS	13		

Per our report attached

For A. F. FERGUSON & CO.
Chartered Accountants

B. P. SHROFF
Partner.

Mumbai, April 20th, 2001.

For and on behalf of the Board,

T. M. M. NAMBIAR *Chairman*
Dr. A. K. CHATTERJEE *Director*
S. N. MALHOTRA *Managing Director*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2001

	Schedules	Rs. Lakh	Previous Year Rs. Lakh
INCOME :			
1. Sales and other income	A	**1,369.17**	*1,480.61*
		1,369.17	*1,480.61*
EXPENDITURE :			
2. Manufacturing and other expenses	B	**1,765.22**	*1,920.68*
3. Reduction/(Accretion) to finished stocks and work-in-progress added/ (deducted)	C	**157.23**	*(193.16)*
4. Depreciation		**187.20**	*184.30*
5. Interest	D	**281.29**	*282.50*
TOTAL EXPENDITURE		**2,390.94**	*2,194.32*
(LOSS) FOR THE YEAR		**(1,021.77)**	*(713.71)*
(LOSS) BROUGHT FORWARD FROM PREVIOUS YEAR		**(2,720.21)**	*(2,006.50)*
BALANCE CARRIED TO BALANCE SHEET		**(3,741.98)**	*(2,720.21)*
6. NOTES ON ACCOUNTS	13		

Per our report attached

For A. F. FERGUSON & CO.
Chartered Accountants

B. P. SHROFF
Partner.

Mumbai: April 20th, 2001

For and on behalf of the Board,

T. M. M. NAMBIAR *Chairman*
Dr. A. K. CHATTERJEE *Director*
S. N. MALHOTRA *Managing Director*

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SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE A — SALE AND OTHER INCOME

	Rs. Lakh	Previous Year Rs. Lakh
1. Sale of Products	1,334.80	1,417.24
2. Other Income		
a. Bank and other interest [(inclusive of tax deducted at source Rs. 0.43 Lakh — (*Previous year Rs. Nil*)]	1.35	4.29
b. Miscellaneous Income	32.01	0.54
c. Sundry Creditors/Excess provisions written back	1.01	58.54
	1,369.17	1,480.61

SCHEDULE B — MANUFACTURING AND OTHER EXPENSES

		Rs. Lakh		Previous Year Rs. Lakh
1. RAW MATERIALS CONSUMED		338.45		345.75
2. STORES AND SPARES CONSUMED		299.36		341.10
3. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
a. Salaries, wages and dearness allowance	153.36		164.10	
b. Contributions to provident and other funds	19.74		21.93	
c. Provision for Gratuity	5.82		6.69	
d. Workmen and staff welfare expenses	13.97		6.99	
		192.89		199.71
4. OPERATION AND OTHER EXPENSES				
Purchase of power and fuel	300.74		305.00	
Repairs and Maintenance - Building	0.89		0.81	
Repairs and Maintenance - Plant and Machinery	10.42		13.75	
Repairs and Maintenance - Others	4.59		4.21	
Rent	1.22		15.92	
Rates and Taxes	6.82		8.80	
Insurance	6.06		5.34	
Travelling and conveyance	33.82		30.13	
Sub-contract charges	107.19		145.34	
Royalty	—		7.51	
Preliminary/Share issue expenses written off	2.79		2.79	
Product development expenses written off	54.41		62.95	
Provision for Doubtful Debts	100.00		46.11	
Freight and forwarding expenses	71.74		30.00	
Sundry Creditors-Advance written off	—		10.59	
Other expenses	56.33		72.14	
Auditors' remuneration:				
(a) Audit Fees	1.31		1.05	
(b) Fees for taxation matters	1.60		0.26	
(c) Reimbursement of Expenses	0.40		0.27	
Sales Commission	7.59		6.08	
Exchange loss	28.28		48.75	
		796.20		817.80
5. EXCISE DUTIES		138.32		216.32
		1,765.22		1,920.68

SCHEDULE C — REDUCTION/(ACCRETION) TO FINISHED STOCKS AND WORK IN PROGRESS ADDED/(DEDUCTED)

	Rs. Lakh	Previous Year Rs. Lakh
Stocks as on March 31, 2001		
(i) Work-in-progress	268.22	499.56
(ii) Finished Goods	300.16	226.05
	568.38	725.61
Less: Stocks as on April 1, 2000		
(i) Work-in-progress	499.56	310.71
(ii) Finished Goods	226.05	221.74
	725.61	532.45
	157.23*	(193.16)

*Net of write down to net realisable value Rs. 62.06 lakh (*Previous Year Rs. 51.89 lakh*) and loss on remelting Rs. 229.70 lakh (*Previous year Rs. Nil*)

SCHEDULE D — INTEREST

	Rs. Lakh	Previous Year Rs. Lakh
a. Fixed period loans	188.95	211.69
b. Others	92.34	70.81
	281.29	282.50

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 1

	Rs. Lakh	Previous Year Rs. Lakh
SHARE CAPITAL		
AUTHORISED —		
3,40,00,000 (*Previous Year 2,40,00,000*) Equity Shares of Rs. 10 each	3,400.00	2,400.00
60,00,000 (*Previous Year 60,00,000*) Preference Shares of Rs. 10 each	600.00	600.00
	4,000.00	3,000.00
ISSUED, SUBSCRIBED AND PAID UP —		
3,29,32,384 (*Previous Year 2,24,32,384*) Equity Shares of Rs.10 each fully paid up	3,293.24	2,243.24
60,00,000 (*Previous Year 60,00,000*) 10% Cumulative Redeemable Preference Shares of Rs. 10 each fully paid up	600.00	600.00
	3,893.24	2,843.24

The Associated Cement Cos. Ltd., the holding company and its nominees hold 3,29,32,384 (*Previous year 2,24,32,384*) Equity Shares and 60,00,000 (*Previous year 60,00,000*) 10% Cumulative Redeemable Preference Shares. The Preference Shares are redeemable after a period of five years from 10th March 1999.

SCHEDULE 2

	Rs. Lakh	Previous Year Rs. Lakh
RESERVES AND SURPLUS		
CAPITAL RESERVE		
Special Capital Incentive	30.00	30.00
	30.00	30.00

SCHEDULE 3

	Rs. Lakh	Previous Year Rs. Lakh
SECURED LOANS		
14.75% Secured Non Convertible Debentures (Guaranteed by the holding company and secured by way of first charge on all existing and future fixed assets of the company. The debentures are redeemable at the end of 60 months from March 26, 1999. Further the Company has a call option and the Bank has a put option on the debentures at the end of 36 month from March 26th, 1999)	1,000.00	1,000.00
Amounts drawn against cash credit accounts with State Bank of India secured by hypothecation of stocks, stores and book debts and by a second charge on the fixed assets of the Company situated at Butibori Industrial Area	270.34	267.11
	1,270.34	1,267.11

SCHEDULE 4

	Rs. Lakh	Previous Year Rs. Lakh
UNSECURED LOANS		
Long Term:		
The Associated Cement Companies Ltd.	112.00	192.00
Nihon Cement Company Ltd.	24.92	24.92
Sales tax deferral loan	435.77	380.75
Foreign currency loan from Bank	404.31	753.30
	977.00	1,350.97

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SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 5
FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at March 31, 2000 Rs. Lakh	Additions during the year Rs. Lakh	**Cost as at March 31, 2001 Rs. Lakh**	As at March 31, 2000 Rs. Lakh	For the year Rs. Lakh	**As at March 31, 2001 Rs. Lakh**	**As at March 31, 2001 Rs. Lakh**	*As at March 31, 2000 Rs. Lakh*
Leasehold Land	57.42	0.01	**57.43**	*3.52*	0.61	**4.13**	**53.30**	*53.90*
Buildings	444.19	0.21	**444.40**	*79.55*	13.62	**93.17**	**351.23**	*364.64*
Plant and Machinery	2,418.77	41.10	**2,459.87**	*920.09*	168.88	**1,088.97**	**1,370.90**	*1,498.68*
Furniture, fixtures and office equipment	66.14	2.53	**68.67**	*42.69*	3.51	**46.20**	**22.47**	*23.45*
Vehicles	6.13	—	**6.13**	*4.25*	0.58	**4.83**	**1.30**	*1.88*
Total	2,992.65	43.85	**3,036.50**	*1,050.10*	187.20	**1,237.30**	**1,799.20**	
Previous Year	*2,914.66*	*77.99*	***2,992.65***	*865.80*	*184.30*	***1,050.10***		*1,942.55*

Note: Additions during the year include exchange loss Rs. 2.46 Lakh** (Previous year exchange loss Rs. 11.94 Lakh) **on foreign currency loans.

SCHEDULE 6

INVESTMENTS (AT COST)	**Rs. Lakh**	*Previous Year Rs. Lakh*
NON TRADE INVESTMENTS (Unquoted - Long term)		
Government securities		
National savings certificates (pledged with sales tax authorities)	**0.15**	*0.15*
	0.15	*0.15*

SCHEDULE 7

INVENTORIES	**Rs. Lakh**	*Previous Year Rs. Lakh*
a) Stores and spare parts	**57.45**	*51.80*
b) Stocks-in-trade		
i *Raw Material*	**82.57**	*159.88*
ii) Finished Goods	**300.16**	*226.05*
iii) Work in progress	**268.22**	*499.56*
	708.40	*937.29*

SCHEDULE 8

SUNDRY DEBTORS Unsecured and considered good, except to the extent provided	**Rs. Lakh**	*Previous Year Rs. Lakh*
a) Over six months	**523.72**	*532.92*
b) Others	**210.99**	*139.77*
	734.71	*672.69*
Less: Provision for doubtful debts	**102.32**	*151.74*
	632.39	*520.95*

SCHEDULE 9

CASH AND BANK BALANCES	**Rs. Lakh**	*Previous Year Rs. Lakh*
1. *Cash on hand*	**0.17**	*0.10*
2. With scheduled banks:		
On current accounts	**9.84**	*1.44*
On fixed deposit accounts	**25.76**	*24.00*
	35.77	*25.54*

SCHEDULE 10

LOANS AND ADVANCES (Unsecured and considered good)	**Rs. Lakh**	*Previous Year Rs. Lakh*
1. Interest accrued but not due	**1.06**	*1.47*
2. Advances receivable in cash or in kind or for value to be received	**47.30**	*12.02*
3. Balances with customs and excise authorities	**1.36**	*3.63*
4. Deposits with government bodies and others	**41.74**	*29.04*
5. Advance payment of taxes	**1.46**	*1.03*
	92.92	*47.19*

SCHEDULE 11

CURRENT LIABILITIES	**Rs. Lakh**	*Previous Year Rs. Lakh*
1. Sundry creditors for goods and services (Including Rs. 20.68 lakh due to Small Scale Industries — *Previous year Rs. 23.98 lakh* — (See Note 6)	**887.65**	*748.76*
2. Advances from customers	**30.57**	*18.54*
3. Security deposits	**4.18**	*4.22*
4. Employees	**14.53**	*4.54*
5. Interest accrued but not due	**6.00**	*10.79*
	942.93	*786.85*

SCHEDULE 12

PROVISIONS	**Rs. Lakh**	*Previous Year Rs. Lakh*
Provision for Gratuity	**25.52**	*20.78*
Provision for Leave Encashment	**3.31**	*3.14*
	28.83	*23.92*

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SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 13

NOTES ON ACCOUNTS

1. **SIGNIFICANT ACCOUNTING POLICIES**

(a) Accounting Convention:

The Financial Statements are prepared under the historical cost convention and on accrual basis and in accordance with the provisions of the Companies Act, 1956.

(b) Sales:

Sales revenue from products are recognised on despatch of goods. Sales are stated net of returns and include excise duty recovered.

(c) Capital Subsidy:

Capital subsidy not specifically related to a fixed asset is credited to Capital Reserve and retained till the requisite conditions are fulfilled.

(d) Fixed Assets and Depreciation:

(i) Fixed assets are stated at their original cost of acquisition or construction including taxes, duties, freight and other incidental expenses. The expenditure incurred including interest and financing costs during construction period or the period prior to commencement of commercial production is also capitalised.

(ii) Depreciation on fixed assets is provided on the straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956, on a pro-rata basis except depreciation on exchange differences on liabilities in respect of fixed assets which is provided on the straight line method over the remaining useful life of the asset.

(iii) Cost of leasehold land is amortised over the period of the lease.

(e) Inventories:

Stores and Spares are Valued at Cost. Stocks-in-trade are Valued at cost or net realisable value which ever is lower. The costs are determined on a weighted average basis.

(f) Foreign Currency Transactions:

(i) Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year except in respect of items covered by forward contracts where the exchange difference between the forward rate and the exchange rate on the date of transaction is recognised over the life of the contract. Foreign currency transactions are accounted at the rate prevailing on the date of transaction.

(ii) Exchange differences arising due to repayment or restatement of liabilities incurred for the purpose of acquiring fixed assets, are adjusted in the carrying amount of respective fixed assets.

(g) Miscellaneous expenditure:

(i) Preliminary and share issue expenses are written off over a period of ten years.

(ii) The initial cost of development of selected new products including net cost of abnormal rejections during development stage is deferred to be written off over a period of five years.

(h) Retirement benefits:

The Company's contributions to Provident Fund/Officers' Superannuation fund, Provision for Gratuity and provision for leave encashment calculated on an arithmetical basis are charged to the Profit and Loss Account.

(i) Investments:

Long term investments are stated at cost.

2. The operations of the Company have resulted in substantial erosion of net worth. The accounts of the Company have been prepared on a 'going concern' basis in view of the restructuring process initiated by the management and continuing support from the holding company, including increase in paid up capital by Rs. 1,050 lakh during the year.

3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances): Rs. 3.89 Lakh (*Previous Year Rs. 12.05 Lakh*).

4. **CONTINGENT LIABILITIES NOT PROVIDED FOR:**

(a) Guarantees given by the Company's bankers, counter guaranteed by the Company: Rs. 106.29 lakh (*Previous Year Rs. 136.29 Lakh*).

(b) The Company has achieved exports of US$ 2.86 Million as against export obligations of US$ 3.73 Million under the Export Promotion Capital Goods Scheme (EPCG) to be achieved by 31st March 2001 as per the revised Exim Policy of Government of India which is expected to be further extended by a year as proposed in the Finance Bill, 2001.

(c) Arrears of fixed cumulative dividends Rs. 123.62 lakh (Previouis years Rs. 63.62 Lakh) (For the period March 1999 - March 2001)

(d) Excise Duty Rs. 13.25 lakh (Previous Year Rs. Nil)

(e) Bills Discounted during the Year Rs. 61.16 Lakh (Previous Year Rs. Nil)

5. **MANAGERIAL REMUNERATION**

	Rs. Lakh	*Previous Year Rs. Lakh*
Salary	**0.72**	*1.80*
	0.72	*1.80*

Managing Director of the Company is ex-officio being an employee of he holding company, The Associated Cement Companies Limited.

6. The Small Scale Industrial Undertakings to whom the company owes a sum exceeding Rs. 1 Lakh which is outstanding for more than 30 days are as follows:

1) Ajay Metachem Limited
2) Ashirwad Steels & Industries
3) Hindustan Chemicals Ltd.
4) Shyamlex Metachem Pvt. Ltd.

7. **ADDITIONAL INFORMATION**

Additional information as applicable in pursuance of the provisions of Part II of Schedule VI of the Companies Act, 1956.

(A) Details of raw material consumed :

		Unit	**2000-2001 Quantity**	**Rs. Lakh**	*1999-2000 Quantity*	*Rs. Lakh*
(i)	Scrap	Tonnes	**1474.500**	**182.03**	*1915.173*	*201.17*
(ii)	Nickel	Tonnes	**1.746**	**8.85**	*6.502*	*28.80*
(iii)	Ferro Alloys	Tonnes	**234.733**	**104.40**	*223.896*	*104.83*
(iv)	Others	Tonnes	**232.646**	**63.17**	*104.902*	*10.95*
			1943.625	**338.45***	*2250.473*	*345.75*

*Excluding materials consumed in product development charged to product Development Expenses

(B) Licenced Capacity (Tonnes)

2001	*2000*
NOT APPLICABLE	*Not Applicable*

SCHEDULES FORMING PART OF THE BALANCE SHEET

(C) Installed capacity, actual production, opening stock and closing stock, turnover.

	Unit	**2000-2001 Quantity**	**Rs. Lakh**	*1999-2000 Quantity*	*Rs. Lakh*
Installed Capacity*	Tonnes	**3000.000**	—	*3000.000*	—
Opening Stock**	Tonnes	**326.017**	**226.05**	*461.039*	*221.74*
Production	Tonnes	**2066.813**	—	*1770.306*	—
Sales – Castings	Tonnes	**1902.000**	**1334.80**	*1905.328*	*1417.24*
Closing Stock***	Tonnes	**378.532**	**300.16**	*326.017*	*226.05*

(*) As certified by the Management and accepted by the Auditors being a technical matter.

(**) Out of 326.017 tonnes opening balance, 102.298 Tonnes has been remelted during the year (*Previous Year Nil*)

(***)Includes quantity under inspection 343.260 Tonnes (*Previous Year 291.924 Tonnes*)

(D) Value of imported and indigenous raw materials and consumables consumed:

	Raw Materials				Consumables			
	2000-2001		1999-2000		**2000-2001**		1999-2000	
	Rs. Lakhs	**%**	*Rs. Lakhs*	*%*	**Rs. Lakhs**	**%**	*Rs. Lakhs*	*%*
(i) Imported	—	—	*27.81*	*8.04*	—	—	—	—
(ii) Indigenous	**338.45**	**100.00**	*317.94*	*91.96*	299.36	100.00	*341.10*	*100.00*
	338.45	**100.00**	*345.75*	*100.00*	299.36	**100.00**	*341.10*	*100.00*

Consumption figures have been arrived at on the basis of opening stock plus purchases less closing stock and include adjustment of excess/shortage ascertained on physical count.

(E) Value of Imports on CIF Basis

	2000-2001 Rs. Lakh	*1999-2000 Rs. Lakh*
Raw Materials	—	*13.43*

8. Expenditure in foreign currency : (disclosed on payment basis and net of tax)

	2000-2001 Rs. Lakhs	*1999-2000 Rs. Lakhs*
(i) Interest	**46.24**	*69.44*
(ii) Foreign travel	**Nil**	*2.89*

9. Earnings in foreign exchange:

	2000-2001 Rs. Lakh	*1999-2000 Rs. Lakh*
(i) F.O.B. Value of exports	**360.05**	*34.10*
(ii) Freight and Insurance	**21.26**	*Nil*

10. Unamortised premium in respect of forward foreign exchange contract Rs. 1.09 lakh (*Previous Year Rs. 0.69 lakh*).

11. The figures for the previous year have been regrouped wherever necessary.

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

AS PER SCHEDULE VI PART (IV) OF THE COMPANIES ACT, 1956

I. Registration Details		
Registration No.	:	11-66319
State Code No.	:	11
Balance Sheet Date	:	31-3-2001
II. Capital Raised During the year (Amount in Rs. Lakh)		Current Year
Issue of Equity Shares	:	1050
Righs Issue of Preference Shares	:	—
Private Placement	:	—
Bonus Issue	:	—
III. Position of Mobilisation & Deployment of Funds (Amounts in Rs. Thousands)		
Total Liabilities	:	714234
Total Assets	:	714234
Sources of Funds		
Paid-up Capital	:	389324
Reserves & Surplus	:	3000
Secured Loans	:	127034
Other Unsecured Loans	:	97700
		617058
Application of Funds		
Net Fixed Assets	:	180309
Investments	:	15
Net Current Assets	:	49786
Miscellaneous Expenditure	:	12,750
Accumulated Losses	:	374198
		617058
IV. **Performance of Company —**		
Turnover including other income	:	136917
Total Expenditure	:	239094
Profit/(Loss) before Tax	:	(102177)
Profit/(Loss) after Tax	:	(102177)
Earning per Share Rs.	:	Nil
Dividend Rate %	:	Nil
V. **Generic Name of Three Principal Products/Service of the Company (As per Monetary Terms)**		
Product	:	Item Code No.
Part of Machinary	:	8474.90
Part of Machinery	:	8431.00
Cast Articles of Alloy Steel	:	7325.20

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Bulk Cement Corporation (India) Limited

DIRECTORS' REPORT

TO THE MEMBERS OF
BULK CEMENT CORPORATION (INDIA) LIMITED

1. The Directors hereby present their Ninth Annual Report on the business and operations of the Company and the Audited Accounts for the year ended March 31, 2001.

2. **FINANCIAL RESULTS**

		Current Year (Rs. in Lakh)	*Previous Year (Rs. in Lakh)*
Service Charges, Rebate and Other Income		1,199.41	*1,117.14*
Operating Expenditure		346.57	*321.65*
Profit before depreciation, interest and tax		852.84	*795.49*
Depreciation	353.12	*359.85*	
Interest	505.10	*668.13*	
		858.22	*1,027.98*
Loss for the period		(5.38)	*(232.49)*
Loss brought forward		(263.09)	*(30.60)*
Balance carried to Balance Sheet		(268.47)	*(263.09)*

3. **OPERATIONS**
For the year ended March 31, 2001, the Company received 2.7 LMT of cement as against 3.2 LMT during 1999-2000. As compared to 1999-2000, the capacity utilisation during 2000-01 was lower mainly due to lower offtake of bulk cement and negative growth in the cement industry. It is expected that the capacity utilisation will improve substantially with the commissioning of the new Project by ACC at Wadi since the Company's operations are linked with Wadi. Operations otherwise remained stable.

4. **SHARE CAPITAL**
During the Financial Year 2000-01, the Authorised Share Capital of the Company was increased from Rs. 34 Crores to Rs. 45 Crores as approved at the Eighth Annual *General Meeting held on June 19, 2000.*

5. **INDUSTRIAL RELATIONS**
During the year under review, industrial relations at the Company's unit continued to remain cordial and peaceful.

6. **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**
As required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are mentioned herein below:

FORM "A"
Form for Disclosure of Particulars with respect to Conservation of Energy, Power and Fuel Consumption

		Current Year	*Previous Year*
(1)	Electricity		
	a) Units Purchased KWH	15,92,543	*16,15,750*
	Total Amount (Rs.)	74,19,939	*30,03,023*
	Rate/Unit Rs./KWH	4.7	*3.5*
	b) Own Generation	*Nil*	*Nil*
(2)	Consumption/Unit of Production		
	Electricity (Units/MT)	5.71	*4.90*

The Company has not entered into any technology transfer agreement.

Foreign Exchange Earnings And Outgo

	Current Year	*Previous Year*
Foreign Exchange Earned	Nil	*Nil*
Foreign Exchange Used	Nil	*Nil*

Note : The Units/Tonne of electricity consumed during 2000-01 was higher at 5.71 as compared to 4.90 during 1999-2000, mainly on account of larger quantity of packed cement despatched from the unit and lower capacity utilisation during the year.

7. **PARTICULARS OF EMPLOYEES**
The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed by the provisions of Sec. 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

8. **DIRECTORS**
8.1 Mr. O. Ravi who was nominated by Department of Industrial Policy & Promotion, Ministry of Industry as a Director on the Board of the Company resigned w.e.f. 24th March 2001. The Board has placed on record its sincere appreciation for the *services rendered* by Mr. O. Ravi during his tenure of office.
8.2 The Department of Industrial Policy and Promotion has nominated Mr. K. M. Shahid as Director on the Board of the Company w.e.f. 24th March 2001 in the casual vacancy created by the resignation of Mr. O. Ravi.
8.3 In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. P. K. Sinor retires by rotation and is eligible for reappointment.
8.4 Mr. S. Jagadeesan was appointed as a Director of the Company w.e.f. 5th June, 2000 in the casual vacancy caused by the resignation of Mrs. Pratibha Karan, who holds office upto the date of the forthcoming Annual General Meeting under Section 262 of the Companies Act, 1956, but who is eligible for reappointment and in *respect of whom the Company has received a notice in writing from a member* proposing his candidature for the Office of Director.
8.5 Mr. N. H. Italia was appointed as a Director of the Company w.e.f. 19th February 2000, in the casual vacancy caused by the resignation of Mr. K. Ravindran, who holds office upto the date of the forthcoming Annual General Meeting under Section 262 of the Companies Act, 1956, but who is eligible for reappointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the Office of Director.

9. **Appointment of Audit Committee**
The Board has appointed an Audit Committee as stipulated under the provisions of Section 292 A of the Companies Act, 1956.

10. **Directors' Responsibility Statement**
The Board of Directors hereby state that :
a) in the preparation of the annual accounts, the applicable accounting standards have been followed;
b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
d) the Directors have prepared the annual accounts on a going concern basis.

11. **AUDITORS**
M/s. K. S. Aiyar & Co., Mumbai the existing Auditors have under Section 224(1B) of the Companies Act, 1956, furnished the Certificate of their eligibility for their re-appointment. The members are requested to reappoint them as Auditors of the Company for the year 2001-2002 on a remuneration to be decided by the Board of Directors.

12. **ACKNOWLEDGEMENT**
Your Directors take this opportunity to express their grateful appreciation of the excellent assistance and co-operation received from Department of Industrial Promotion & Policy-Ministry of Industry, Ministry of Railways, ICICI Limited, Industrial Development Bank of India, Bank of India, Canara Bank and The Associated Cement Companies Limited. Your Directors also thank all the employees of the Company for their valuable service and support during the year.

For and on behalf of the Board,
BULK CEMENT CORPORATION (INDIA) LIMITED
A. K. JAIN
Director

Mumbai, 27th April, 2001.

AUDITORS' REPORT

TO THE MEMBERS OF BULK CEMENT CORPORATION (INDIA) LIMITED

We have audited the attached Balance Sheet of BULK CEMENT CORPORATION (INDIA) LIMITED as at 31st March, 2001 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and report that:-

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that :
 a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
 c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 d) *in our opinion, the Profit and Loss Account dealt and the Balance Sheet comply* with the Accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 e) as per the confirmations received from the directors that are taken on record by the company, none of the directors are disqualified under section 274(1)(g) of the Companies Act, 1956, as amended;
 f) in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act,1956,in the manner so required and give a true and fair view:
 1. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2001 and
 2. in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.

For K. S. AIYAR & CO.
Chartered Accountants
Ramakrishna Prabhu
Partner

Mumbai, April 27, 2001.

(Annexure to the Auditors' Report)

(Referred to in paragraph 1 of our Report of even date).

1) The Company is a "service company" in terms of the definition contained in the Manufacturing and Other Companies (Auditors' Report) Order, 1988 and does not carry inventory of finished goods; stores, except for the minimum, and raw materials and therefore the items numbered (iii), (iv), (v), (vi), of sub-paragraph 4(A) of the said Order are applicable only to stores.
2) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. These assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
3) None of the fixed assets have been revalued during the year.
4) The stocks of stores have been physically verified during the year by the management. The frequency of verification is reasonable.
5) The procedures of physical verification of stores and spare parts followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
6) The discrepancies noticed on verification between the physical stores and the book records were not material and have been properly dealt with in the books of account.
7) On the basis of our examination of stores records, the valuation of stores is fair and proper *and in accordance with normally accepted accounting principles.*
8) The Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, and from the Companies under the same management as defined under sub-section (1-B) of Section 370 of the Companies Act, 1956, the provisions of which are not applicable on or after 31st October, 1998.
9) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, and/or to the Companies under the same management as defined under sub-section (1-B) of Section 370 of the Companies Act, 1956, the provisions of which are not applicable on or after 31st October, 1998.
10) In respect of loans and advances in the nature of loan given by the Company parties have repaid the principal amount as stipulated and have also been regular in repayment of interest, where applicable.
11) In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores including components, plant and machinery, equipment and other assets.
12) In our opinion, and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
13) The Company has regular procedures for the determination of unserviceable or damaged stores. Adequate provisions have been made, where applicable, in the accounts for the loss arising on the items so determined.
14) The Company has not accepted any deposits from the public.
15) The Company does not generate any by-products and scrap.
16) In our opinion, the Company has an internal audit system commensurate with the size and *nature of its business.*
17) The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
18) The Company is regular in depositing the Provident Fund dues with the appropriate authorities. We are informed that the provisions of Employees' State Insurance Act, 1948 are not applicable to the Company.
19) No undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise duty were outstanding, as at 31st March, 2001 for a period of more than six months from the date on which they became payable.
20) According to the information and explanations given to us, no personal expenses have been charged to the revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
21) The Company is not a sick industrial company within the meaning of Clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
22) In respect of service activities, in our opinion and according to the information and explanation given to us-
 i) the Company has a reasonable system for recording receipts, issues and consumption of materials and stores commensurate with the size and nature of its service activities and the system provides for reasonable allocation of the materials and labour consumed to the relative jobs; and
 ii) the Company has a reasonable system of allocating man-hours utilised to the relative jobs, commensurate with its size and nature of its business.
 iii) there is a reasonable system of authorisation at proper levels with necessary control on the issue of stores and allocation thereof and of labour to jobs and related system of internal control in the Company is commensurate with the size of the Company and the nature of its service activities.

For K. S. AIYAR & CO.
Chartered Accountants
Ramakrishna Prabhu
Partner

Mumbai, April 27, 2001.

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BALANCE SHEET AS AT 31ST MARCH, 2001

	Schedules	Rs.	Previous Year Rs.
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	**33,64,20,700**	*33,64,20,700*
LOAN FUNDS			
Secured loans	2	**37,17,56,432**	*37,17,56,432*
TOTAL FUNDS		**70,81,77,132**	*70,81,77,132*
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	3	**69,19,05,740**	*69,18,31,891*
Less: Depreciation		**7,79,15,805**	*4,26,03,914*
Net Block		**61,39,89,935**	*64,92,27,977*
Capital Work-in-progress (net of Provision for Doubtful Advances Rs. 1,91,250. *Previous Year Rs Nil*)		**72,812**	*3,91,487*
		61,40,62,747	*64,96,19,464*
CURRENT ASSETS, LOANS & ADVANCES:			
Inventory-Stores & Spares (As Certified by the Management)		**1,64,110**	—
Sundry Debtors	4	**15,90,378**	*23,50,834*
Cash & Bank balances	5	**53,31,986**	*5,56,58,013*
Loans & Advances	6	**8,77,45,784**	*56,31,870*
		9,48,32,258	*6,36,40,717*
LESS: CURRENT LIABILITIES AND PROVISIONS:	7		
Sundry Liabilities		**2,82,80,208**	*3,22,62,723*
		2,82,80,208	*3,22,62,723*
Net Current Assets		**6,65,52,050**	*3,13,77,994*
MISCELLANEOUS EXPENDITURE: (To the extent not written off or adjusted)			
Preliminary Expenses		**3,87,198**	*4,42,355*
Deferred Revenue Expenses		**3,28,268**	*4,28,292*
Profit and Loss Account		**2,68,46,869**	*2,63,09,027*
TOTAL ASSETS (NET)		**70,81,77,132**	*70,81,77,132*
Notes on Accounts	8		

Per our report attached

For K. S. AIYAR & CO.
Chartered Accountants

RAMAKRISHNA PRABHU
Partner

Mumbai, April 27, 2001

For and on behalf of the Board,

M. L. NARULA
A. K. JAIN } *Directors*

D. H. BARIA *Company Secretary*

Mumbai, April 27, 2001

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001

	Schedules	Rs.	Previous Year Rs.
INCOME			
Bulk Handling Charges, Freight Rebate and Other Income	A	**11,99,41,495**	*11,17,13,950*
EXPENDITURE			
Operating and Other Expenses	B	**3,46,56,775**	*3,21,64,989*
Interest (on term loans)		**5,05,10,671**	*6,68,13,044*
Depreciation		**3,53,11,891**	*3,59,84,682*
		12,04,79,337	*13,49,62,715*
LOSS FOR THE YEAR		**(5,37,842)**	*(2,32,48,765)*
LOSS BROUGHT FORWARD		**(2,63,09,027)**	*(30,60,262)*
BALANCE CARRIED TO BALANCE SHEET		**(2,68,46,869)**	*(2,63,09,027)*
Notes on Accounts	8		

Per our report attached

For and on behalf of the Board,

For K. S. AIYAR & CO.
Chartered Accountants

M. L. NARULA
A. K. JAIN } *Directors*

RAMAKRISHNA PRABHU
Partner

D. H. BARIA *Company Secretary*

Mumbai, April 27, 2001

Mumbai, April 27, 2001

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	Rs.	Rs.	Previous Year Rs.
SCHEDULE A			
1. Bulk Handling Charges		**7,30,65,184**	*7,32,40,449*
2. Freight Rebate Accrued		**3,97,48,315**	*3,83,89,474*
3. Trading Sales		**8,87,460**	—
4. Other Income		**62,40,536**	*84,027*
		11,99,41,495	*11,17,13,950*
SCHEDULE B			
COST OF GOODS SOLD		**8,19,988**	—
OPERATING AND ADMINISTRATIVE EXPENSES			
1. Payments to and provisions for employees			
(a) Salaries & Deputation Charges	**15,13,644**		*19,94,631*
(b) Contribution to Provident & Other Funds	**1,26,928**		*1,50,770*
		16,40,572	*21,45,401*
2. Purchase of Power		**74,19,939**	*79,04,963*
3. Plant Operating Charges		**39,34,775**	*26,98,314*
4. Rates & Taxes		**44,93,284**	*45,26,114*
5. Insurance		**18,50,019**	*23,58,514*
6. Rent		**1,32,702**	*4,48,796*
7. Discount		**45,375**	—
8. Operation and Maintenance to Plant		**91,42,135**	*87,06,853*
9. Communication		**3,03,543**	*2,26,871*
10. Travelling & Conveyance		**3,25,151**	*2,78,766*
11. Auditors Remuneration	**80,250**		*31,500*
Certification	—		*1,000*
		80,250	*32,500*
12. Miscellaneous Expenditure written off		**1,55,181**	*1,55,181*
13. Doubtful Advances		**1,98,990**	—
14. Other Expenses		**41,14,871**	*26,82,716*
		3,46,56,775	*3,21,64,989*

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SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2001

SCHEDULE 1 — SHARE CAPITAL

	Rs.	Previous Year Rs.
AUTHORISED		
3,40,00,000 Equity Shares of Rs. 10 each (*Previous year 3,40,00,000*)	**34,00,00,000**	*34,00,00,000*
1,10,00,000 Preference Shares of Rs. 10 each (*Previous year Nil*)	**11,00,00,000**	—
	45,00,00,000	*34,00,00,000*
ISSUED, SUBSCRIBED AND FULLY PAID UP		
3,36,42,070 Equity Shares of Rs. 10 each, fully paid (*Previous year 3,36,42,070*)	**33,64,20,700**	*33,64,20,700*
	33,64,20,700	*33,64,20,700*

(The Associated Cement Companies Ltd., the Holding Company, holds 2,34,90,810 (*Previous year 2,34,90,810 Equity Shares*)

SCHEDULE 2 — SECURED LOANS

	Rs.	Previous Year Rs.
From Financial Institutions (Secured by a first charge by way of hypothecation of all the moveable assets, present and future (except book debts), subject to prior charges created and/or to be created in favour of the Company's Bankers on certain moveable assets for securing borrowings for working capital requirements in the ordinary course of business.)	**37,17,56,432**	*37,17,56,432*
	37,17,56,432	*37,17,56,432*

Note : The loans with Financial Institutions are to be further secured by way of a first charge over all the immovable properties of the Company, both present and future.

SCHEDULE 3 — FIXED ASSETS

	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 1.4.2000	Additions/ Adjustments during the year	As at 31.03.2001	As at 1.4.2000	For the year	Upto 31.03.2001	As at: 31.03.2001	As at 31.3.2000
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Building	2,47,97,363	34,000	**2,48,31,363**	13,26,582	8,31,406	**21,57,988**	**2,26,73,375**	*2,34,70,781*
Plant & Machinery	266,558,274	39,849	**266,598,123**	16,971,619	14,613,847	**31,585,466**	**235,012,657**	*249,586,655*
Roads, Bridges	19,369,824	—	**19,369,824**	366,761	315,728	**682,489**	**18,687,335**	*19,003,063*
Rails & Sidings	35,555,989	—	**35,555,989**	1,961,911	1,688,909	**3,650,820**	**31,905,169**	*33,594,078*
Wagon & Loco	257,921,589	—	**257,921,589**	14,231,618	12,251,275	**26,482,893**	**231,438,696**	*243,689,971*
Furniture & Fixtures	1,198,479	—	**1,198,479**	662,048	56,889	**718,937**	**479,542**	*536,431*
Office Equipments	1,344,549	—	**1,344,549**	692,573	172,996	**865,569**	**478,980**	*651,976*
Vehicle	20,533,486	—	**20,533,486**	2,835,663	2,314,605	**5,150,268**	**15,383,218**	*17,697,823*
Electrical Installation	64,552,338	—	**64,552,338**	3,555,139	3,066,236	**6,621,375**	**57,930,963**	*60,997,199*
Total	691,831,891	73,849	691,905,740	42,603,914	35,311,891	77,915,805	613,989,935	*649,227,977*
Previous year	*690,649,605*	*1,182,286*	*691,831,891*	*6,619,232*	*35,984,682*	*42,603,914*	*649,227,977*	
Capital Work in Progress and unallocated Capital Expenditure							72,812	*391,487*

Note:

The terminal is on a leasehold land in possession of the Company. It was sanctioned for the project by the Ministry of Industry, Government of India, vide letter No. DCC/1-26/91-92 dtd. 27.09.93

SCHEDULE 4 — SUNDRY DEBTORS (Unsecured Considered Good)

	Rs.	Previous Year Rs.
Sundry Debtors		
Less than six months (Due from The Associated Cement Companies Ltd., — The Holding Company Rs. Nil (*Previous year Rs. 10,90,865*)	**15,90,378**	*23,50,834*
	15,90,378	*23,50,834*

SCHEDULE 5 — CASH & BANK BALANCES

	Rs.	Previous Year Rs.
Cash on hand	**6,350**	*5,742*
Current Accounts with Schedule Banks	**53,20,636**	*5,56,47,271*
Fixed Deposit with Schedule Banks	**5,000**	*5,000*
	53,31,986	*5,56,58,013*

SCHEDULE 6 — LOANS & ADVANCES

(Unsecured Considered Good)

	Rs.	Previous Year Rs.
Intercorporate Deposits	**8,00,00,000**	—
Other Deposits	**11,72,520**	*12,78,520*
Advances recoverable in Cash or in kind or for value to be received, net of Provision for Doubtful Advances Rs 7,740 (*Previous year- Rs Nil*) (Due from The Associated Cement Companies, Ltd.-the Holding Company Rs.52,874 (*Previous year Rs 125,535*)	**21,02,838**	*24,61,784*
Advance payment against Tax (Net of Provisions)	**44,70,426**	*18,91,566*
	8,77,45,784	*56,31,870*

SCHEDULE 7 — CURRENT LIABILITIES

	Rs.	Previous Year Rs.
Sundry Creditors		
Small Scale Industries more than Rs. 1 lakh and exceeding 30 days	—	—
Others	**4,271,385**	*1,059,700*
(Due to The Associated Cement Companies Ltd. Rs. 32,45,027 (*Previous year - Rs.Nil*)		
Interest Accrued but not due	**8,412,899**	*11,764,558*
Other Liabilities	**15,595,924**	*19,438,465*
	28,280,208	*32,262,723*

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SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2001

SCHEDULE 8

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31ST, 2001.

1. During the year the Company derives income mostly from services of bulk storage and transportation of cement and accordingly the disclosure under Part II of Schedule VI of the Companies Act, 1956 are made as applicable to a company engaged in "rendering or supplying services".

2. **Significant Accounting Policies:**

A) Accounting Convention.

These financial statements are prepared on the historical cost convention, on an accrual basis.

B) Fixed Assets, Expenditure during Construction Period and Depreciation.

(i) Fixed assets are stated at cost of acquisition or construction, including attributable interest and financial cost till such assets are put to use.

(ii) Expenditure during construction period including trial run expenses net of revenue earned and attributable interest and financial cost prior to commencement of commercial operations are capitalised.

(iii) Depreciation is provided in the accounts on the Straight-line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956, on a pro-rata basis.

C) Revenue Recognition

Revenue arises from charges for bulk handling of cement and from rebate on freight granted by the Railways. Bulk Handling Charges is recognized based on tonnage moved from Kalamboli terminal and Freight rebate is recognized based on tonnage of bulk cement despatched from the Wadi Works of The Associated Cement Companies Limited to the Company's terminal at Kalamboli. Further as per terms agreed with The Associated Cement Companies Limited, the Company has been assured of a minimum tonnage of bulk handling per annum. Revenue is recognized on such minimum assured tonnage or actual tonnage despatched, whichever is higher.

D) Preliminary Expenses and Deferred Revenue Expenses

Preliminary Expenses and Deferred Revenue Expenses are amortized over a period of 120 months and 60 months respectively from the commencement of commercial operations.

E) Retirement Benefits

Company's contribution paid during the year to Provident Fund, Group Gratuity (Cash accumulation) Cum Life Assurance Scheme of Life Insurance Corporation of India and Officers' Superannuation fund are charged to Profit and Loss Account.

F) Inventory

The Company does not carry any inventory of raw materials or finished goods in its books of accounts. However, stock of stores and spares is valued at cost in the books of accounts.

3. **ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH 3 & 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956.**

	Unit	2000-2001			1999-2000		
		Quantity	%	Rs.	Quantity	%	Rs
Sale of cement	MTs	327		8,87,460	Nil		Nil
Purchase of cement	MTs	327		8,19,988	Nil		Nil
Spare Parts consumed			100	15,08,985		100	20,49,831

4. **Contingent Liabilities:**

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) is Rs. Nil (*Previous year Rs. 27.37 Lakh*).

5. Previous year's figures have been regrouped/rearranged wherever necessary to make them comparable with the current year's figures.

Signatures to Schedules "A" and "B" and "1" to "8"

For and on behalf of the Board,

M. L. NARULA, A. K. JAIN } *Directors*

D. H. BARIA *Company Secretary*

Mumbai, April 27, 2001.

Per our Report attached

For K. S. AIYAR & CO.
Chartered Accountants

RAMAKRISHNA PRABHU
Partner
Mumbai, April 27, 2001.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1) **REGISTRATION DETAILS**

Registration No.: 11-66679
State Code: 11
Balance Sheet Date: 31-03-2001

2) **CAPITAL RAISED DURING THE YEAR (Amount in Rs.)**

Public Issue: Nil
Rights Issue: Nil
Bonus Issue: Nil
Private Placement: Nil

3) **POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs.)**

Total Liabilities: 73,64,57,340
Total Assets: 73,64,57,340

Sources of funds

Paid up Capital: 33,64,20,700
Secured Loans: 37,17,56,432
Reserves & Surplus: Nil
Unsecured Loans: Nil

Applications of funds

Net Fixed Assets: 61,39,89,935
Investments: Nil
Net Current Assets: 6,65,52,050
Misc. Expenditure: 7,15,466
Accumulated Losses: 2,68,46,869

4) **PERFORMANCE OF COMPANY**

Turnover: 11,99,41,495
Total Expenditure: 12,04,79,337
Profit/(loss) before tax: (5,37,842)
Profit/(loss) after tax: (5,37,842)
Earnings per share: Nil
Dividend: Nil

5) **GENERIC NAME OF PRINCIPAL SERVICE OF THE COMPANY**

Item Code (ITC Code): NOT CLASSIFIED
Service Description: Transportation and Distribution of Bulk Cement

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DIRECTORS' REPORT

TO THE MEMBERS OF DAMODHAR CEMENT & SLAG LIMITED

The Directors hereby present their Twenty-third Annual Report on the business and operations of the Company and the Financial Accounts for the year ended March 31,2001.

2. FINANCIAL RESULTS

	2000-2001 Rs. Lac	1999-2000 Rs. Lac
Sale of products and other income	8354.59	8851.99
Less : Expenditure other than Depreciation and Interest	7565.24	8892.17
Profit/(Loss) before Depreciation and Interest	789.35	(40.18)
Less : Depreciation	253.14	226.23
Interest	244.22	242.28
Profit/(Loss) before Tax	291.99	(508.69)
Provision for taxation:		
a) Current Year	24.55	—
b) In respect of earlier years	3.33	—
Profit/(Loss) after Taxation	264.11	(508.69)
Balance brought forward from previous year	(1963.56)	(1454.87)
Balance carried forward to the next year's account	(1699.45)	(1963.56)

3.0 OPERATIONS DURING THE YEAR

3.1 Production of Cement during the year was 322860 MT as against 401462 MT during the year 1999-2000. Capacity utilisation had been lower at 61 % commensurate with market conditions which continued to remain depressed.

3.2 Production of Wet Slag was 127205 MT as against 127116 MT during the year 1999-2000. Although the supply of Molten Slag from IISCO, Burnpur, the Company's main supplier, continued to be poor, it did not affect the operations of the Company since arrangements had been made for procuring Slag from other sources. Slag purchased from other sources during the year had been 61206 MT as against 110940 MT last year. Production of Dry Slag during the year was 146005 MT as against 184968 MT in the previous year.

3.3 Sale of Cement during the year was 321960 MT (including 34 MT of self consumption) as against 400186 MT during the year 1999-2000. The Company remains the leader in the region covered by its operations.

3.4 Belt conveyor for handling of slag inside the plant had been completed during the year.

3.5 Modifications to the Cement Mill internals of all the Mills had been completed which resulted in better output rates and saving in power consumption.

4.0 TURNOVER AND PROFIT

4.1 The Income for the year 2000-01 was Rs.8354.59 lac as compared to Rs. 8851.99 lac during the previous year. The lower income was on account of low volume of operation during the period. Cement industry has been facing problems of sluggish demand, surplus capacity and unremunerative prices since the last few years. Consequently, most Cement Companies had been reporting poor results during the period. During the year under review, the demand continued to be poor but the net realisation was higher due to better prices.

4.2 The profit after Tax was Rs.264.11 lac as compared to a Loss of Rs.508.69 lac during the previous year. The better performance is due to better cement prices realised during the year and cost control measures taken.

5.0 FUTURE PLANS

5.1 The Company is examining the feasibility of producing Portland Pozzolana Cement (PPC) with a view to having flexibility in its product range as also for better capacity utilisation . The proposal is under technical and commercial evaluation.

5.2 **Extension of Colony Quarters**

Extension of Colony Quarters, which was planned to be taken up during the period under review, is scheduled to be taken up next year.

6.0 PERSONNEL

6.1 The Industrial Relations during the year had been by and large cordial.

6.2 Agreement has been made with the Workers' Union for Wage revision of non-management employees and the same has been implemented.

6.3 The Company had introduced Voluntary Retirement Schemes for its management staff during the year in terms of which few Officers had opted for early separation.

6.4 All the employees of the Company had contributed towards Relief Fund for Flood affected people in West Bengal and Gujarat Earthquake Relief Fund.

7.0 SOCIAL ACTIVITIES

7.1 Extensive repair had been undertaken on public road in Madhukunda to facilitate smooth vehicular movement.

7.2 Assistance has also been given for construction of additional rooms in a School at a Village near Madhukunda.

8.0 PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

8.1 As required under Section 217(1)(e) of the Companies Act,1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are set out in the Annexure 'A' to the Directors' Report.

9.0 PARTICULARS OF EMPLOYEES

9.1 There are no employees drawing salary in excess of limit prescribed under Section 217(2A) of the Companies Act,1956 read with the Companies (Particulars of Employees) Rules,1975 as amended and hence no information is furnished thereto.

10.0 DIRECTORS

10.1 Mr.A.Bal, Executive Director of WBIDC, was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 on 7th July, 2000 and holds office up to the date of the forthcoming Annual General Meeting. Notice together with necessary deposit under Section 257 of the Companies Act,1956 has been received from a member intending to propose the appointment of Mr.A.Bal as a Director at the ensuing Annual General Meeting. The Directors recommend his appointment.

10.2 In accordance with the provisions of the Companies Act,1956 and the Company's Articles of Association, the following Directors retire by rotation and being eligible offer themselves for reappointment : Mr. M. M. Rajoria, Mr. L. K. Narain, Mr. N. H. Italia.

11.0 COST AUDIT

11.1 In terms of the requirements of the Companies Act,1956 and Government's directive, the Board of Directors had appointed M/s D.Radhakrishnan & Co., Cost Accountants, to conduct Cost Audit of the Company's Cost Records for the Financial year 2000-2001.

12.0 AUDIT COMMITTEE

12.1 The Board of Directors had constituted an Audit Committee in terms of Section 292A of the Companies (Amendment) Act, 2000 comprising of Mr.M.M.Rajoria, Dr.D.Ghosh , Mr. N.H.Italia, Mr. A.C.Tiwari and Mr. Arun Bal.

Except for Dr. D.Ghosh other members are non-executive Directors and Mr. A.C.Tiwari and Mr. A.Bal are independent Directors.

The committee met with the Statutory Auditors before adoption of Annual Accounts for the year 2000-01 by the Board of Directors.

13.0 DIRECTORS' RESPONSIBILITY STATEMENT

13.1 Your Directors confirm :

(i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed ;

(ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March,2001 and of the profit of the Company for that year;

(iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) that the Directors have prepared the Annual Accounts on a going concern basis;

14.0 AUDITORS AND AUDITORS' REPORT

14.1 The Company's Auditors, M/s Price Waterhouse, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

14.2 With reference to the qualificatory remark in the Auditors' Report in Point No. 2 , this has been appropriately dealt with in Note No. 4(b) to the Accounts which is self explanatory.

15.0 ACKNOWLEDGEMENT

15.1 The Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from the Board for Industrial and Financial Reconstruction, Central Government, Government of West Bengal, West Bengal Industrial Development Corporation Limited, IISCO, Banks and Financial Institutions. Your Directors also thank all the employees of the Company for their valuable service and support during the year.

For and on behalf of the Board,

M. M. RAJORIA
CHAIRMAN

Kolkata, April 13, 2001

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ANNEXURE 'A' TO DIRECTORS' REPORT

Statement Pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

(A) CONSERVATION OF ENERGY

a Energy Conservation measures taken :

- Running of two Cement Mills by single ID Fan
- Conveying of outputs of all the Cement Mills to Silos by one Air Lift Pump.
- Elimination of Belt Conveyors in Cement Mill and Packing plant by modifications.
- Suspension of Bag Filter operation at Silo top by better utilisation of Old Bag Filter.

b) Additional investments and proposals , if any, being implemented for reduction of energy consumption :

- Installation of Lighting Transformers.
- Replacement of 131 KW Motor by 90 KW Motor at Cement Mill No.1 ID Fan.
- Installation of additional Capacitor Bank to improve Power Factor.
- Stoppage of two 18.5 KW Pumps by modifying existing water supply line.

c) The impact of the measures at (a) to (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

- Savings in energy consumption and consequent reduction on the cost of production.

d) Total energy consumption and energy consumption per unit of production as per Form A

FORM A
Power and Fuel Consumption

		Current Year			Previous year		
		Thousand Units (KWH)	Total Amount (Rs. Lac)	Rs. (per Unit)	Thousand Units (KWH)	Total Amount (Rs. Lac)	Rs. (per Unit)
1.	Electricity						
	(a) Purchased	18167	701.13*	3.86*	23895	705.14	2.95
	(b) Own Generation through Diesel Generator	64	4.94	7.72	46	3.10	6.74

* Although power consumption was less, billing would be on guaranteed drawal of power .

		Quantity (Thousand Tonnes)	Total Cost (Rs. Lac)	Average Rate (Rs/Tonne)	Quantity (Thousand Tonnes)	Total Cost (Rs. Lac)	Average Rate (Rs/Tonne)
2.	Coal for Slag Drier	3.88	56.60	1459	4.26	54.93	1289
		Quantity (Kilo Litres)	Total Cost (Rs. Lac)	Rs. (per Litre)	Quantity (Kilo Litres)	Total Cost (Rs. Lac)	Rs. (per Litre)
3.	Diesel Oil	94.00	14.29	15.20	230.47	27.47	11.92

Consumption per Unit of Production

	Current Year	Previous Year
(a) Electricity KWH/T Cement	56	60
(b) Coal/T. of Dried Slag (M.T.)	0.03	0.02

(B) TECHNOLOGY ABSORPTION

— There was no Research and Development (R&D) activity nor any absorption, adaptation and innovation in technology carried out by the Company.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

— There was no Foreign Exchange earnings or usage by the Company during the year.

For and on behalf of the Board,

M. M. RAJORIA
CHAIRMAN

Kolkata, April 13, 2001

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AUDITORS' REPORT

TO
THE MEMBERS,
DAMODHAR CEMENT & SLAG LIMITED

1. We report that we have audited the Balance Sheet of Damodhar Cement & Slag Limited as at 31st March, 2001 and the relative Profit and Loss Account for the year ended on that date, both of which we have signed under reference to the report and the above mentioned accounts are in agreement with the books of account.

2. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account together with the notes thereon and attached thereto, give in the prescribed manner, the information required by the Companies Act, 1956 of India (the Act) and also give respectively, subject to Note 4 (b) on Schedule 17 regarding remuneration of Managing Director awaiting Shareholders' approval, a true and fair view of the state of the Company's affairs as at 31st March, 2001 and its Profit for the year ended on that date.

3. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for our audit. In our opinion, proper books of account have been kept as required by law so far as appears from our examination of those books. In our opinion, these accounts have been prepared in compliance with the applicable Accounting Standards referred to in Section 211(3C) of the Act.

4. Based on representations made by all the Directors of the Company which was taken on record by the Board of Directors of the Company and the information and explanation as made available, Directors of the Company do not have any disqualification as referred to in Clause (g) of sub-section (1) of Section 274 of the Act.

5. As required by the Manufacturing and Other Companies (Auditors' Report) Order 1988 dated 7th September,1988 issued by the Central Government of India and on the basis of such checks as we considered appropriate and according to the information and explanations given to us we further report that:

 5.1 The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets of the Company are physically verified by the management according to a phased programme designed to cover all the items over a period of three years. Pursuant to the programme, a physical verification was carried out during the year by the management and these revealed no material discrepancies.

 5.2 The fixed assets of the Company have not been revalued during the year.

 5.3 The stocks of finished goods, stores, spare parts and raw materials (excluding materials in transit) of the Company at all its locations have been physically verified by the management during the year.

 5.4 In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

 5.5 The discrepancies between the physical stocks and the book stocks, which have been properly dealt with in the books of account, were not material.

 5.6 In our opinion, the valuation of stocks of finished goods, stores, spare parts and raw materials has been fair and proper in accordance with normally accepted accounting principles in India and is on the same basis as in the preceding year.

 5.7 The Company has not taken any loans, secured or unsecured from companies, firms and other parties listed in the Register maintained under Section 301 of the Act.

 5.8 The Company has not granted any loans, secured or unsecured to companies, firms and other parties listed in the Register maintained under Section 301 of the Act.

 5.9 The parties (employees) to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in the payment of interest wherever applicable.

 5.10 In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for purchase of stores, raw materials including components, plant and machinery, equipment and other similar assets and for the sale of goods.

 5.11 In our opinion, purchase of goods and materials and sale of goods, materials made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Act, and aggregating during the year Rs. 50,000/- or more in value in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods or materials or the prices at which similar items are supplied by/to other parties.

 There was no sale of service during the year in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Act.

 5.12 The Company has a system of determining unserviceable or damaged stores, raw materials and finished goods on the basis of technical evaluation and on such basis, in our opinion, adequate provision for the loss has been made in these accounts.

 5.13 The Company has not accepted any deposits from the public.

 5.14 In our opinion, reasonable records have been maintained by the Company for sale and disposal of scrap where applicable and significant. The Company has no by-product.

 5.15 In our opinion, the Company's present internal audit system is commensurate with its size and nature of business.

 5.16 On the basis of the records produced, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government of India under Section 209(1)(d) of the Act, have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.

 5.17 The Company has regularly deposited, during the year, Provident Fund dues with the appropriate authorities in India. As informed to us by the management, the Employees' State Insurance Act, 1948 is not applicable to the Company.

 5.18 As at March 31, 2001 there was no amount outstanding in respect of undisputed Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which were due for more than six months from the date they became payable .

 5.19 During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India , we have not come across any personal expenses which have been charged to the Profit and Loss Account, nor have we been informed of any such case by the management other than those payable under contractual obligation or accepted business practice.

 5.20 As indicated in Note 2 on Schedule 17, the Company with a positive net worth since 31st March, 1997, is not a Sick Industrial Company within the meaning of Clause (o) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 of India.

(P. LAW)
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Kolkata, April 13, 2001

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BALANCE SHEET AS AT MARCH 31, 2001

	SCHEDULES	Rs. Lac	Rs. Lac	Previous Year Rs. Lac
I. SOURCES OF FUNDS:				
1. SHARE HOLDERS' FUNDS :				
Share Capital	1	2756.67		*2756.67*
Reserves and Surplus	2	436.52		*453.10*
			3193.19	*3209.77*
2. LOAN FUNDS				
a) Secured Loans	3	1373.68		*1242.77*
b) Unsecured Loans	4	731.05		*929.05*
			2104.73	*2171.82*
3. TOTAL			5297.92	*5381.59*
II. APPLICATION OF FUNDS:				
1. FIXED ASSETS :	5			
a) Gross Block		6331.48		*6022.11*
b) Less : Depreciation		2381.65		*2117.48*
c) Net Block		3949.83		*3904.63*
d) Capital Work in Progress		—		*236.26*
(e) Incidental Expenditure during Construction Period Pending Allocation	6	—		*21.00*
			3949.83	*4161.89*
2. CURRENT ASSETS, LOANS & ADVANCES				
a) Inventories	7	1157.59		*975.70*
b) Sundry Debtors	8	—		—
c) Cash and Bank Balances	9	3.66		*8.34*
d) Other Current Assets	10	0.06		*0.12*
e) Loans and Advances	11	146.84		*148.19*
		1308.15		*1132.35*
3. Less: CURRENT LIABILITIES & PROVISIONS				
a) Liabilities	12	1628.35		*1870.06*
b) Provisions	13	31.16		*6.15*
		1659.51		*1876.21*
4. NET CURRENT ASSETS			(351.36)	*(743.86)*
5. PROFIT AND LOSS ACCOUNT			1699.45	*1963.56*
6. TOTAL			5297.92	*5381.59*
7. NOTES ON ACCOUNTS	17			

Schedules 1 to 13 and Schedule 17 referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred
to in our report of even date.

For and on behalf of the Board,

(P. LAW)
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

M. M. RAJORIA
Chairman

Dr. D. GHOSH
Managing Director

M. BALAJI
Company Secretary &
Finance Manager

N. H. ITALIA
Director

Kolkata, April 13, 2001

Kolkata, April 13, 2001

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2001

	SCHEDULES	Rs. Lac	Rs. Lac	Previous Year Rs. Lac
INCOME:				
1. SALE OF PRODUCTS AND OTHER INCOME	14		8354.59	*8851.99*
EXPENDITURE:				
2. MANUFACTURING & OTHER EXPENSES	15		7565.24	*8892.17*
3. INTEREST	16		244.22	*242.28*
4. DEPRECIATION		269.72		*267.57*
LESS : TRANSFERRED FROM CAPITAL RESERVE (Note 3 on Schedule 17)		16.58		*41.34*
			253.14	*226.23*
			8062.60	*9360.68*
PROFIT/(LOSS) BEFORE TAXATION			291.99	*(508.69)*
5. PROVISION FOR TAXATION				
(a) For current year			24.55	—
(b) For earlier years			3.33	—
PROFIT/(LOSS) AFTER TAXATION			264.11	*(508.69)*
6. LOSS BROUGHT FORWARD FROM PREVIOUS YEARS			(1963.56)	*(1454.87)*
BALANCE CARRIED TO BALANCE SHEET			(1699.45)	*(1963.56)*
7. NOTES ON ACCOUNTS	17			

Schedules 14 to 16 and schedule 17 referred to above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred
to in our report of even date.

For and on behalf of the Board.

(P. LAW)
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

M. M. RAJORIA
Chairman

Dr. D. GHOSH
Managing Director

M. BALAJI
Company Secretary &
Finance Manager

N. H. ITALIA
Director

Kolkata, April 13, 2001

Kolkata, April 13, 2001

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SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 1 SHARE CAPITAL

	Rs. Lac	*Previous Year Rs. Lac*
1. AUTHORISED -		
1,46,59,400 Equity Shares of Rs. 4.50 each and 2,34,03,270 Equity Shares of Rs. 10 each	3000.00	*3000.00*
2. ISSUED, SUBSCRIBED & PAID UP		
1,46,59,400 Equity Shares of Rs. 4.50 each fully paid up	659.67	*659.67*
2,09,70,000 Equity Shares of Rs. 10 Each fully paid up	2097.00	*2097.00*
TOTAL...	2756.67	*2756.67*

Note : Of the above :
1,31,93,453 Equity shares of Rs. 4.50 each fully paid up and 2,09,70,000 Equity Shares of Rs. 10 each fully paid up are held by The Associated Cement Companies Limited, the Holding Company.

SCHEDULE - 2 RESERVES & SURPLUS

	Balance as at March 31, 2000 Rs. Lac	Additions Rs. Lac	Deductions/ Adjustment Rs. Lac	Balance as at March 31, 2001 Rs. Lac
CAPITAL RESERVE				
(i) Capital Subsidy	15.00	—	—	15.00
(ii) Others	438.10	—	16.58*	421.52
TOTAL....	453.10	—	16.58	436.52

*Refer Note 3 on Schedule 17

SCHEDULE - 3 SECURED LOANS

	Rs. Lac	*Previous Year Rs. Lac*
1. TERM LOANS FROM FINANCIAL INSTITUTIONS (Secured by a joint equitable mortgage on immovable properties and hypothecation of movable assets subject to specific charge in favour of Bankers).	704.77	*956.33*
2. CASH CREDIT FROM BANKS (Secured by hypothecation of stocks and book debts, both present and future, ranking *pari passu* inter se).	668.91	*286.44*
TOTAL...	1373.68	*1242.77*

SCHEDULE - 4 UNSECURED LOANS

	Rs. Lac	*Previous Year Rs. Lac*
TERM LOANS :		
(a) Sales tax deferral under West Bengal Incentive Scheme, 1989 (Repayable within one year)	198.05	*396.05*
(b) Loan from West Bengal Industrial Development Corporation Limited (Repayable within one year)	233.00	*233.00*
(c) Medium Term Loan from West Bengal Industrial Development Corporation Limited (Repayable within one year)	300.00	*300.00*
TOTAL...	731.05	*929.05*

SCHEDULE - 5 FIXED ASSETS

	GROSS BLOCK - At Cost				DEPRECIATION				NET BLOCK	
	As at 31st March, 2000	Additions during the year	Sales/ Adjustments during the year	As at 31st March, 2001	As at 31st March, 2000	For the Year	On Sales/ Adjustments during the year	As at 31st March, 2001	As at 31st March, 2001	*As at 31st March, 2000*
	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac	*Rs. Lac*
1. Land:										
a. Freehold	11.93	—	—	11.93 (a)	—	—	—	—	11.93	*11.93*
b. Leasehold	99.44	—	—	99.44	95.63	3.81	—	99.44	—	*3.81*
2. Buildings on :										
a) Freehold Land	1,746.40	1.22	—	1,747.62	369.14	49.52	—	418.66	1,328.96	*1,377.26*
b) Leasehold Land	8.75	—	—	8.75	1.70	0.14	—	1.84	6.91	*7.05*
3 Railway Siding	436.67	—	—	436.67	206.35	20.74	—	227.09	209.58	*230.32*
4 Aerial Ropeway	214.12	—	—	214.12	214.12	—	—	214.12	—	—
5 Plant & Machinery	2,720.93	288.61	0.48	3,009.06	1,010.06	152.25	0.35	1,161.96	1,847.10	*1,710.87*
6 Electrical Installation	665.37	2.35	—	667.72	170.78	35.16	—	205.94	461.78	*494.59*
7 Office Equipment	42.30	24.50	7.24	59.56	21.37	3.80	5.20	19.97	39.59	*20.93*
8 Furniture & Fixture	24.20	0.41	—	24.61	17.55	0.99	—	18.54	6.07	*6.65*
9 Vehicles	14.25	—	—	14.25	8.26	0.79	—	9.05	5.20	*5.99*
10. Machinery Spares	37.75	—	—	37.75 (b)	2.52	2.52	—	5.04	32.71	*35.23*
TOTAL	6,022.11	317.09	7.72	6,331.48	2,117.48	269.72	5.55	2,381.65	3,949.83	*3,904.63*
Previous year	*5549.82*	*473.79*	*1.50*	*6022.11*	*1850.70*	*267.57*	*0.79*	*2117.48*	*3904.63*	*3699.12*
11. Capital Work-in-Progress									—	*236.26*

Notes: (a) Includes Rs.4.24 lac (*Previous year Rs. 4.24 lac*) which is yet to be registered in the name of the Company.
(b) Transferred from Stores and Spares during the year 1999-2000 in keeping with Accounting Standard 2 (Revised) issued by the Institute of Chartered Accountants of India, which is mandatory effective from the accounting period commencing on or after 1st April, 1999.

SCHEDULE - 6 INCIDENTAL EXPENDITURE DURING CONSTRUCTION PERIOD PENDING ALLOCATION

	Rs. Lac	*Previous Year Rs. Lac*
i. As per last account	21.00	*50.21*
ii. Professional Charges	—	*1.38*
iii. Electricity Charges	—	*2.87*
iv. Interest and Upfront Fees on Term Loan	1.16	*19.50*
v. Miscellaneous Expenses	—	*1.29*
	22.16	*75.25*
Less: Capitalised	22.16	*54.25*
TOTAL...	—	*21.00*

SCHEDULE - 7 INVENTORIES

	Rs. Lac	*Previous Year Rs. Lac*
1. RAW MATERIALS (Including in transit Rs. 83.06 Lac — *Previous year — Rs. 125.65 Lac*) — at Cost	612.62	*416.42*
2. SEMI-FINISHED GOODS — (at Lower of Cost and net realisable value)	301.54	*259.82*
3. FINISHED GOODS — (at Lower of Cost and net realisable value)	139.44	*116.31*
4. COAL-at Cost	5.22	*1.86*
5. PACKING MATERIALS-at Cost	12.84	*7.97*
6. STORES AND SPARES (Including in transit Rs. Nil — *Previous year — Rs. 1.99 Lac*) — at Cost	84.65	*170.90*
7. TOOLS AND TACKLES	1.28	*2.42*
TOTAL...	1157.59	*975.70*

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SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 8 SUNDRY DEBTORS

	Rs. Lac	Previous Year Rs. Lac
UNSECURED		
(a) Over six months		
Considered Doubtful	82.61	82.61
	82.61	82.61
(b) Less: Provision for Doubtful Debts	82.61	82.61
TOTAL...	—	—

SCHEDULE - 9 CASH AND BANK BALANCES

	Rs. Lac	Previous Year Rs. Lac
1. CASH ON HAND	2.90	5.41
2. CHEQUES IN HAND	—	0.03
3. WITH SCHEDULED BANKS		
On Current Account	0.76	2.90
TOTAL...	3.66	8.34

SCHEDULE - 10 OTHER CURRENT ASSETS

	Rs. Lac	Previous Year Rs. Lac
1. UNSECURED, CONSIDERED GOOD		
Interest Accrued on deposit/advances	0.06	0.12
TOTAL...	0.06	0.12

SCHEDULE - 11 LOANS AND ADVANCES

	Rs. Lac	Rs. Lac	Previous Year Rs. Lac
UNSECURED CONSIDERED GOOD, UNLESS OTHERWISE STATED			
1. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED			
(a) Considered Good	76.74		59.96
(b) Considered Doubtful	52.23		55.80
	128.97		115.76
(c) Less: Provision for Doubtful Advances	52.23		55.80
		76.74	59.96
2. SECURITY AND OTHER DEPOSITS			
(a) Considered Good	13.85		13.66
(b) Considered Doubtful	6.85		6.85
	20.70		20.51
(c) Less: Provisions for doubtful deposits	6.85		6.85
		13.85	13.66
3. ADVANCE PAYMENT OF TAX		48.00	17.00
4. BALANCE WITH EXCISE AUTHORITIES		8.25	57.57
TOTAL...		146.84	148.19

SCHEDULE - 12 CURRENT LIABILITIES

	Rs. Lac	Previous Year Rs. Lac
1. SUNDRY CREDITORS		
— Amount due to Small Scale Industrial (SSI) Undertakings	—	0.75
— Amount due to creditors other than SSI Undertakings (Note below)	1476.56	1724.70
2. ADVANCE FROM CUSTOMERS & OTHERS	14.22	17.28
3. DUES TO EMPLOYEES	30.63	30.54
4. OTHER LIABILITIES — (Note below)	99.94	86.81
5. INTEREST ACCRUED BUT NOT DUE	7.00	9.98
TOTAL...	1628.35	1870.06

Notes:
Includes Rs. 1019.97 lac (*Previous year Rs. 1260.05 lac*) due to The Associated Cement Companies Limited, the Holding Company.

SCHEDULE - 13 PROVISIONS

	Rs. Lac	Previous Year Rs. Lac
1. PROVISIONS		
(a) Taxation	24.55	—
(b) Leave Encashment	6.61	6.15
TOTAL...	31.16	6.15

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE - 14 SALE OF PRODUCTS AND OTHER INCOME

	Rs. Lac	Rs. Lac	Rs. Lac	Previous Year Rs. Lac
1. SALE OF PRODUCTS (See note 9(A) of Schedule 17)		8336.12		8763.10
2. MISCELLANEOUS INCOME		12.08		23.46
(Including Recovery of Rent Rs. 0.22 lac— *Previous year Rs. 0.20 lac*)				
4. LIABILITIES/PROVISIONS NO LONGER REQUIRED WRITTEN BACK				
(a) Liability for Goods	—		26.61	
(b) Liability for Services/Expenses	2.82		22.10	
(c) Other Liabilities	—		16.26	
(d) Doubtful Debts/Advances	3.57		0.46	
		6.39		65.43
TOTAL...		8354.59		8851.99

SCHEDULE - 15 MANUFACTURING AND OTHER EXPENSES

	Rs. Lac	Rs. Lac	Previous Year Rs. Lac
1. RAW MATERIALS CONSUMED			
a) Opening Stock	416.42		648.60
(b) Add: Purchases (including handling charges)	4634.35		5221.43
	5050.77		5870.03
(c) Less: Closing Stock	612.62		416.42
		4438.15	5453.61
2. PAYMENT TO AND PROVISIONS FOR EMPLOYEES			
(a) Salaries, Wages & Bonus (Including early separation compensation Rs. 9.95 lac — *Previous year — Nil*)	568.71		507.36
(b) Contributions to Provident and Other Funds	44.08		38.58
(c) Staff Welfare Expenses	16.17		16.54
		628.96	562.48
3. PACKING MATERIALS CONSUMED		266.43	323.69
4. OPERATION AND OTHER EXPENSES			
a) Stores and Spares Consumed	40.46		68.74
b) Power and Fuel	776.53		775.81
c) Rent	1.56		1.58
d) Excise Duty	1130.01		1420.69
e) Rates and taxes	9.32		10.59
f) Insurance	19.92		16.82
g) Repairs to :			
i) Plant & Machinery	155.84		222.89
ii) Buildings	15.25		11.43
iii) Others	44.26		34.29
h) Other Production Expenses	2.28		2.59
i) Tools and Tackles written off	1.64		2.28
j) Travelling Expenses	8.12		9.51
k) Motor Car Expenses	13.85		13.38
l) Directors' Fees	0.01		0.01
m) Telephone,Telex,Telegram and Postage	3.65		4.08
n) Printing and Stationery	1.37		2.71
o) Stores/ Bad Debts /Advances Written off	32.98		—
p) Provisions for Doubtful Debts	—		4.77
q) Miscellaneous Expenses	38.50		53.42
		2295.55	2655.59
5. Loss on sale of Fixed Assets		1.69	0.71
6. (INCREASE)/DECREASE IN STOCKS			
(a) Opening Stock:			
(i) Semi-Finished Goods	259.82		206.05
(ii) Finished Goods	116.31		71.62
	376.13		277.67
(b) Closing Stocks:			
(i) Semi-Finished Goods	301.54		259.82
(ii) Finished Goods	139.44		116.31
	440.98		376.13
		(64.85)	(98.46)
7. ADJUSTMENT FOR OWN CONSUMPTION OF CEMENT ON ACCOUNT OF CAPITAL JOBS, REPAIRS, ETC.		(0.69)	(5.45)
TOTAL...		7565.24	8892.17

SCHEDULE - 16 INTEREST

	Rs. Lac	Previous Year Rs. Lac
1. Term Loans	166.30	204.34
2. Cash Credit from Banks	57.85	54.91
3. Others	21.23	2.53
	245.38	261.78
Less: Capitalised	1.16	19.50
TOTAL...	244.22	242.28

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SCHEDULE - 17 NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

A. **Sales**

Sales are accounted on despatch of products.

B. **Excise Duty**

Excise Duties recovered are included in the sale of products. Excise Duty paid on despatches are shown separately as an item of Manufacturing and Other Expenses.

C. **Accounting of Claims and Subsidies**

(i) Claims receivable are accounted at the time of lodgement depending on the certainty of receipt and claims payable are accounted at the time of acceptance.

(ii) Claims raised by Government Authorities regarding taxes and duties, which are disputed by the Company, are accounted based on the merits of each claim. Adjustments, if any, are made in the year in which disputes are finally settled.

(iii) Subsidy receivable against an expense is deducted from such expense and subsidy/ grant receivable against a specific fixed asset is deducted from the cost of the relevant fixed asset.

(iv) Investment Subsidy not specifically related to a fixed asset is credited to Capital Reserve and retained till the requisite conditions are fulfilled.

D. **Retirement Benefits**

(i) Contribution towards Provident Fund is made on monthly basis to the appropriate Government Authority. Contribution towards Gratuity Fund is made to the Life Insurance Corporation of India under Group Gratuity Scheme on yearly basis, based on actuarial valuation. Contribution to Officers' Superannuation Fund is also made to the Life Insurance Corporation of India.

(ii) Liability for Leave encashment is provided annually based on actuarial valuat on.

E. **Fixed Assets**

(I) Fixed assets are stated at cost of acquisition or construction including interest and financial costs on specific loans till such assets are put to use, less specific grants/ subsidies received.

(ii) Machinery spares which can be used only in connection to an item of fixed assets and their use is expected to be irregular are treated as Fixed Assets. The cost of such items is amortised over the life of the related asset. Also refer to Note (b) on Schedule 5.

(iii) Depreciation is provided on the straight line method at rates and in the manner specified in Schedule XIV to the Companies Act,1956.

(iv) Cost of leasehold land is amortised over a period of 10 years from the date of commercial production irrespective of the period of the lease.

F. **Expenditure During Construction Period**

In case of new projects and substantial expansion of existing factory, expenditure incurred, along with the financing costs prior to commencement of commercial production is capitalised.

G. **Inventories**

i) Raw materials, coal , packing materials and stores and spares are valued at cost. Cost is determined on a weighted average basis and is net of MODVAT/ CENVAT credit.

ii) Semi-finished goods are valued at cost or net realisable value whichever is lower. Cost is determined on a weighted average basis.

iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost is determined on a weighted average basis and is inclusive of excise duty payable thereon on clearance.

iv) Tools and fackles are written off over a period of three years.

H. **Contingent Liabilities**

Contingent liabilities are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

2. Upon reference made by the Company, the Board for Industrial and Financial Reconstruction (BIFR) vide its Order dated April 27,1994 declared the Company as a Sick Industrial Company. BIFR, vide its Order dated August 16,1996 sanctioned the Scheme of Revival/Rehabilitation, the implementation of which is in progress. As a result of availing some of the reliefs/concessions granted in the said Scheme during the Financial year 1996-97, the net worth of the Company had become positive since the end of that year (i.e. 31st March,1997) and, accordingly, it ceased to be a Sick Industrial Company within the meaning of clause (o) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act,1985. However, the Company has not yet been de-registered with the BIFR.

3. Interest liability in respect of Loans from Financial Institutions had been waived during the Financial year 1996-97 pursuant to the Revival/Rehabilitation Scheme sanctioned by BIFR in August,1996. This included a sum of Rs. 646.78 lac representing interest capitalised in earlier years which was transferred to Capital Reserve (Others) during the aforesaid financial year. As in the previous years, depreciation on the said amount has been transferred from Capital Reserve to Profit & Loss Account over the remaining life of the respective assets which for the current year worked out to Rs. 16.58 lac.

4. (a) Managing Director's Remuneration (included in Schedule - 15)

	For the year ended March 31, 2001 Rs. Lac	*For the year ended March 31, 2000 Rs. Lac*
Salaries	3.86	*3.54*
Other Benefits	1.68	*1.27*
TOTAL	5.54	*4.81*

(b) Above remuneration includes Rs. 0.24 lac which is yet to be approved by the Shareholders

5. Stores consumption included under other heads of account is as follows :—

	For the year ended March 31, 2001 Rs. Lac	*For the year ended March 31, 2000 Rs. Lac*
(i) Repairs to —		
(a) Plant and Machinery	138.27	*192.10*
(b) Building	2.80	*3.15*
(c) Others	3.97	*8.05*
(ii) Power and Fuel	2.85	*1.74*
(iii) Motor Car Expenses	0.30	*1.53*
TOTAL	148.19	*206.57*

6. Contingent liabilities not provided for :—

	As at March 31, 2001 Rs. Lac	*As at March 31, 2000 Rs. Lac*
Claims against the Company not acknowledged as debts	70.35	*70.35*

7. Estimated amount of contracts remaining to be executed on capital accounts not provided for (net of advances) 4.82 *18.59*

8. Miscellaneous expenses include amounts paid/payable to :-

	For the year ended March 31, 2001 Rs. Lac	*For the year ended March 31, 2000 Rs. Lac*
(a) Statutory Auditors:		
(i) Audit fees	1.25	*1.00*
(ii) Tax Audit fees (including for earlier years Rs. Nil, *Previous year Rs.0.10 lac*)	0.60	*0.60*
(iii) Other Services (Certificates, etc.)	0.10	*0.25*
(iv) Reimbursement of Expenses (including Service Tax Rs. 0.10 lac)	0.25	*0.16*
	2.20	*2.01*
(b) Cost Audit:		
(i) Audit Fees	0.10	*0.10*
(ii) Reimbursement of Expenses (including Service Tax Rs. 0.01 lac)	0.03	*0.02*
	0.13	*0.12*
TOTAL	2.33	*2.13*

9. Information pursuant to provisions of paragraphs 3, 4C and 4D of Schedule VI to the Companies Act, 1956

(A) Sales

	Unit	2000-2001 Quantity	2000-2001 Rs. Lac	*1999-2000 Quantity*	*1999-2000 Rs. Lac*
Cement	Tonnes	**321926	*8336.12	***399942*	**8763.10*
* Includes Excise Duty			1126.74		*1399.80*

** Excluding own consumption of cement of 34 Tonnes valued at Rs. 0.69 lac (*Previous year - 244 tonnes valued at Rs. 5.45 lac*) for Capital jobs, repairs etc.

(B) Details of raw materials consumed

	Unit	2000-2001 Quantity	2000-2001 Rs. Lac	*1999-2000 Quantity*	*1999-2000 Rs. Lac*
(i) Clinker	Tonnes	162002	3529.32	*195632*	*4048.40*
(ii) Gypsum	Tonnes	*17017*	*259.42*	*17383*	*245.51*
(iii) Slag	Tonnes	171738	649.41	*237025*	*1159.70*
			4438.15		*5453.61*

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(C) Particulars of Licensed and Installed Capacities, production etc.

	Unit	Licensed Capacity per annum	Installed Capacity per annum on triple shift basis as at 31st March as certified by the Management		Actual Production	
			2001	*2000*	2000-2001	*1999-2000*
Cement	Tonnes	Does not come under the purview of Licensing provisions of Industries (Development & Regulation) Act, 1951	525000	*525000*	322860	*401462*

(D) Particulars in respect of Opening and Closing Stocks of Finished Goods

	Unit	Opening Stocks as at April 1, 2000 Quantity	Rs. Lac	*April 1, 1999 Quantity*	*Rs. Lac*	Closing Stocks as at March 31, 2001 Quantity	Rs. Lac	*March 31, 2000 Quantity*	*Rs. Lac*
Cement*	Tonnes	5726	*116.31	*4450*	*71.62*	6626	*139.44	*5726*	*116.31

* Including Excise Duty of Rs. 23.19 lac (*Previous year Rs. 20.04 lac*)

(E) Value of Imported and Indigenous Raw Materials, Stores and Spare Parts consumed —

	Raw Materials				Stores and Spare Parts			
	2000-2001 Rs. Lac	%	*1999-2000 Rs. Lac*	*%*	2000-2001 Rs. Lac	%	*1999-2000 Rs. Lac*	*%*
(i) Imported	—	—	—	—	—	—	—	—
(ii) Indigenous	4438.15	100.00	*5453.61*	*100.00*	188.65	100.00	*275.31*	*100.00*
	4438.15	100.00	*5453.61*	*100.00*	*188.65*	100.00	*275.31*	*100.00*

10. Previous year's figures have been regrouped and rearranged wherever necessary.

Signature to Schedules 1 to 17

For and on behalf of the Board,

M. M. RAJORIA, Chairman — DR. D. GHOSH, Managing Director

M. BALAJI, Company Secretary & Finance Manager — N. H. ITALIA, Director

Kolkata, April 13, 2001

Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 31233 — State Code 21

Balance Sheet Date 31 03 2001

II. Capital Raised during the year (Amount in Rs. Thousand) (Face Value)

Public Issue: NIL — Right Issue: NIL

Bonus Issue: NIL — Private Placement: NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities* 695743 — Total Assets** 695743

SOURCE OF FUNDS

Paid-up Capital 275667 — Reserves & Surplus 43652

Secured Loans 137368 — Unsecured Loans 73105

APPLICATION OF FUNDS

Net Fixed Assets 394983 — Investments NIL

Net Current Assets -35136 — Misc. Expenditure NIL

Accumulated Losses 169945

IV. Performance of Company (Amount in Rs. Thousands)

Turnover*** 835459 — Total Expenditure 806260

Profit Before tax +29199 — Profit After Tax +26411

Earning per Share (in Rs.) 0.96 — Dividend Rate (%) NIL

V. Generic Name of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code) 252300

Product Description CEMENT

* Including Share Holders' Fund

** Including Profit and Loss Account debit balance

*** Including Other Income

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